policy REVIEW

Winter 1987 Number 39 Four Dollars

Dictatorships And Single Standards
Pat Robertson

Ortega's Final Days
Timothy Ashby

An Open Letter To Hans Bethe
Edward Teller

Were The Supply-Siders Right?
Warren Brookes

Mexico, Land Of Opportunity
Ambassador John A. Gavin

Rape Of The American West
John Baden

How Americans Understand The Constitution
A Policy Review Poll

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World trade and national greatness

With newspapers, magazines, and the airwaves bringing us daily reminders of America's trade deficit—and pleas for protectionism, along with digs at our trading partners—we think it timely to discuss the broader issue of world trade. We'd particularly like to examine the relationship between world trade and a nation's prosperity and importance—its greatness, if you will.

Thousands of years before Christ, English flint was traded for throughout Europe, and used to make primitive tools. Traders of the time also dealt widely in salt from central European mines.

Centuries later, the Egyptians, Greeks, and Romans built trading empires even as they constructed political ones. The Phoenicians made Sidon and Tyre the centers of far-reaching trade. They, in turn, were followed on the world stage by the great city-states of Venice and Genoa. In the 15th, 16th and 17th centuries, the traders of Holland, Spain, Portugal, and Britain became reacquainted with the old worlds of the Orient and discovered new ones across the Atlantic. London ruled as the financial hub of the world until well into the 20th century, and America became a lead player after World War I.

Even from this brief, superficial, and far-from-complete excursion through the centuries, it becomes clear that a country's prosperity and role in world affairs—national greatness, for want of a better term—are largely derived from world trade. China, with its huge population and technological innovations in centuries gone by, never became a true world power, in no small measure because it repeatedly turned its back on the rest of the world. For China, as for most countries, isolationism and a reliance on the chimera of self-sufficiency have produced stark failures.

To accept the lesson of history is therefore to reject protectionism, which can lead only to economic isolation and a weakened national economy. But the trade deficit is real. If we can't blame it on the West Germans, the Japanese, the South Koreans, or even the Chinese themselves, then whom can we blame?

The answer, in our view, is to examine ourselves. If erecting barriers to imports is the wrong answer, maybe we should consider how to strengthen American factories and American farms and make ourselves better able to compete in world markets.

We ought to start from the premise that Americans are already pretty good at trading, deficit notwithstanding. The United States—and not Japan—is the world's leading exporting nation. In spite of the trade deficit with Japan, we sell more American products to that country than to any other nation in the world, except Canada. In fact, some 615,000 Americans owe their jobs to those exports to Japan.

The Japanese example is only a small part of the whole. According to a Commerce Department study, 25,800 American jobs are dependent on each $1 billion of U.S. exports. Between January and June of this year, U.S. merchandise exports totaled about $216 billion—meaning that they directly accounted for better than 5.4 million American jobs. Indirectly, better than six percent of all American jobs are in some way connected to overseas exports.

But in spite of the inescapable connection between American prosperity and world trade, America's leaders continue to make it harder for U.S. companies to compete. The new tax bill punishes American industry to the tune of $120 billion over five years—and weakens its stance in world markets. A new Superfund orphan waste dump cleanup bill imposes new taxes on crude oil to raise the energy costs of all American companies. As U.S. firms lose their competitiveness in world markets, foreign companies will gain—making the demands for protectionism even louder.

By historical standards, America's greatness has lasted for a fleeting moment, and it's far too early for another Gibbon to chronicle our decline. But we wonder whether, centuries from now, scholars will look back at America and trace its downfall to a series of self-inflicted wounds, and a failure to recognize that world trade is the stuff of which greatness is made.

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Pat Robertson 2 **Dictatorships And Single Standards**
Restoring Confidence in American Foreign Policy

Timothy Ashby 10 **The Road To Managua**
How the Contras Can Win

Edward Teller 18 **Scientists And National Defense**
An Open Letter to Hans Bethe

Warren Brookes 24 **The Tax Capitalization Hypothesis**
Is This the Way Supply-Side Economics Works?

John A. Gavin 32 **Mexico, Land Of Opportunity**
Will Its Leaders Be Worthy of Its People?

John Baden 36 **Crimes Against Nature**
Public Funding of Environmental Destruction

William Pascoe 42 **Indaba We Trust**
South Africa's Last Best Hope for Racial Peace

Cait Murphy 46 **High Times In America**
Why Our Drug Policy Can't Work

Douglas Besharov 52 **Suffer The Little Children**
How Child Abuse Programs Hurt Poor Families

Des Moore 56 **Kangaroo Economics**
Will Budget and Trade Deficits Drive America Down Under?

Poll 66 **The People's Court**
Do Americans Understand the Constitution the Way the Supreme Court Does?

Julian L. Simon 71 **The Price Of Citizenship**
Auctioning Immigration Visas Helps Foreigners and Americans Alike

Letters 87

Around the States 73 Texas: Back to the Future
William Murchison

Department of Disinformation 60 Tributes to Totalitarianism
Michael Johns

Book Reviews 76 Men and Marriage *by George Gilder*
reviewed by Harvey C. Mansfield, Jr.

78 The Tears of the White Man *by Pascal Bruckner*
reviewed by George B.N. Ayittey

80 Crime and Punishment in Modern America *edited by Patrick McGuigan and Jon Pascale*
reviewed by David L. Wilkinson

82 The Elementary Structures of Political Life: Rural Development in Pahlevi Iran *by Grace E. Goodell*
reviewed by Russell Kirk

84 Harvest of Sorrow: Soviet Collectivization and the Terror-Famine *by Robert Conquest*
reviewed by Spencer Warren

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DICTATORSHIPS AND SINGLE STANDARDS

Restoring Confidence in American Foreign Policy

PAT ROBERTSON

Iran, a relatively powerless dictatorship, seems to have thrown into disarray the foreign policies of two American administrations. If we had a policy of not negotiating with terrorists, the covert arms shipment to Iran tends to render such a policy meaningless, if not hypocritical. If we felt that supporting the Nicaraguan *contras*' war against the Sandinista dictatorship was a just cause, the secret diversion of funds from Iran to Nicaragua implies that here is a cause that cannot win public and Congressional support through debate and the normal channels of the democratic process. Certainly, it is time to reassess the principles that should undergird American foreign policy and to consider anew how a nation committed to democracy can apply those principles to various problem areas in the world today.

Confident in our Founding Principles

Two main principles should guide this country's policy toward other nations. The first is the defense of the life, liberty, and pursuit of happiness of American citizens. This is the constitutional responsibility of our elected representatives—indeed, the founding of government itself is aimed at protecting people from physical danger, either internal or external. In America's case, this responsibility does not derive from social contracts alone: it is a *moral* responsibility, because America is one of the few truly free countries in the world, and the only free country which can raise the flag of freedom, which can "make the world safe for democracy," as Woodrow Wilson put it.

The second principle is America's commitment to freedom beyond its immediate borders, for its allies and indeed for all people who long for freedom and are willing to struggle for it and pay the price for it. The world may be short of free states, but it is not short of men and women who desire to be free. Again, America has an ethical responsibility to help these people win their freedom. Our foreign policy cannot stand for freedom for ourselves only and for cost-benefit analyses and convenience elsewhere. To do so would run afoul of what America's founding documents make clear: that all men are "endowed by their Creator with inalienable rights."

These two principles of American foreign policy are not inconsistent. Some claim that lofty talk about democratic ideals poses as a cover for American security interests. The fact remains that America is the best hope for freedom in the world, and America's security interest is allied with the cause of freedom. Free and democratic countries tend to be peace-loving and unthreatening to American citizens. So there is a healthy symbiosis between the two principles: they help to sustain and reinforce one another.

Unfortunately, there are times when policies promoting the security interest of the United States have not been closely enough coupled with the ideals of freedom. For instance, several pro-Western governments, accurately described as dictatorships, have not made progress toward a democratic pluralist society at the pace we would like. We have sometimes looked the other way when in the name of American security interests, people are restricted in their aspiration to be free.

Further, America's resources are limited, as we all know, and while our hearts are willing to pay any price to secure the freedom of American citizens, we must decide what we can afford in order to help other nations and other peoples win their freedom. In general, the United States should attempt to put its two principles of foreign policy into effect with a realistic view toward what is possible, what will help more than hurt, and what is desirable, not just in the short term, but in the long term as well.

Democracy and Vigilance

Alexis de Tocqueville, the great 19th-century student of America, warned that "Foreign policy demands scarcely any of those qualities which are peculiar to a democracy; on the contrary, it calls for the perfect use of all those qualities in which a democracy is deficient." Tocqueville reminds us that, historically, the wielding of power in foreign relations has been the province of empires, tyrants, and despots. The keepers of such empires enjoy the freedom to pursue their goals, unbridled by democratic processes. Citizens do not fare so well, for their lives and their labors are often confiscated and laid waste as though they were somehow lesser humans than the despots they serve.

PAT ROBERTSON *is founder and chief executive officer of the Christian Broadcasting Network.*

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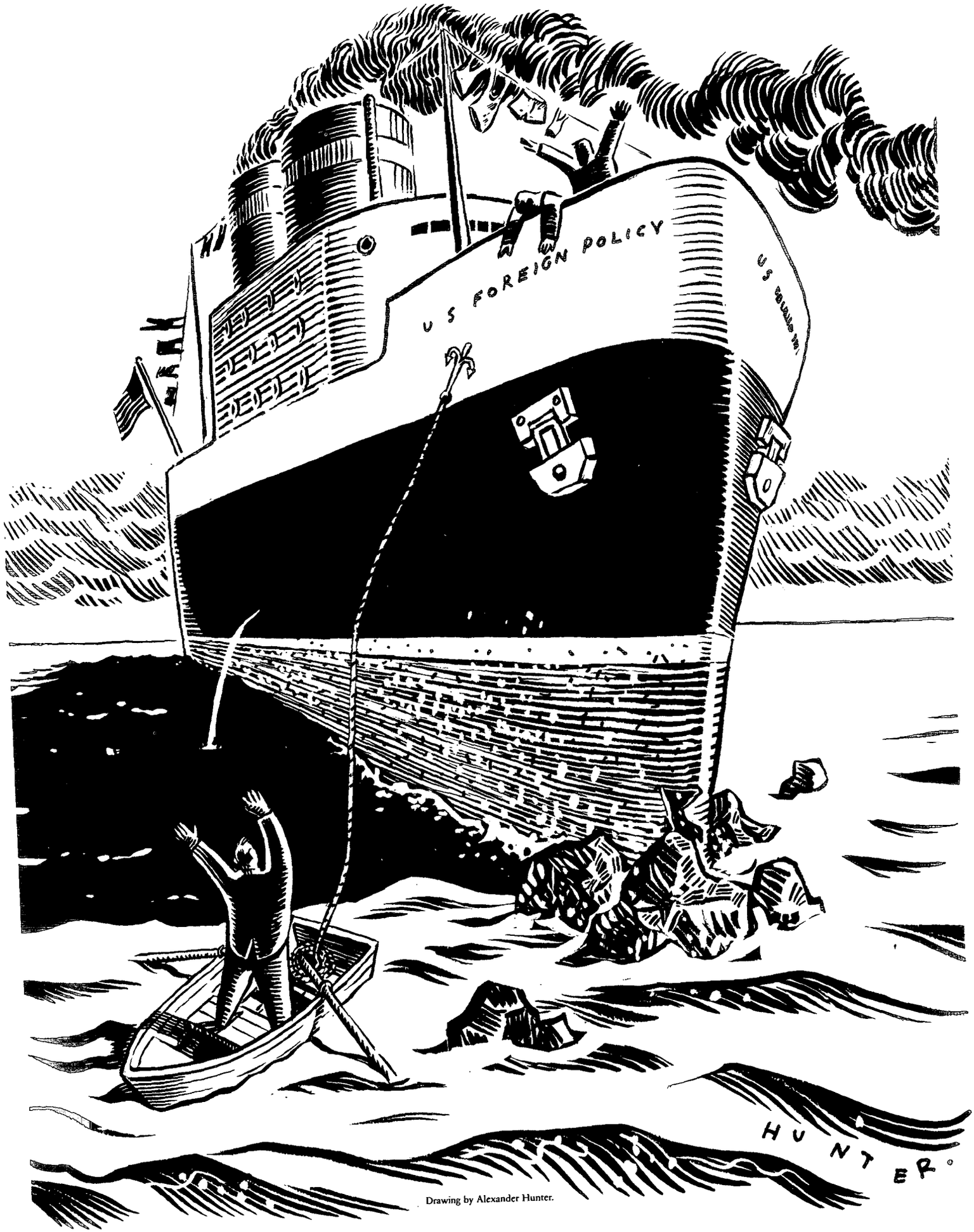

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One of the five million Afghan refugees.

Democracies, on the other hand, have a thousand voices, each openly participating in free discussion and advocacy, often with deep disagreement about the methods and purposes of foreign policy. Democracies are not adept at developing official state points of view: political parties, labor unions, interest groups, and churches all put forth their own interpretations of the national interest. Such pluralistic debate guards against the usurpation of the rights of individual citizens. At the same time, foreign policy objectives can become inarticulate. Definitions of liberty, security, morality, and ethics are often muddled.

Fortunately, the strengths of the United States—its talented and hard-working population, its great industrial and agricultural base, its commitment to freedom and Judeo-Christian morality—have been sufficient to withstand the aggressions of the conventional empires of Tocqueville's era. Indeed, most such empires were permanently defeated in World War I.

But the 20th century has witnessed the emergence of a fundamentally new kind of totalitarian state. Soviet Russia, Fascist Italy, and National Socialist Germany have had several features in common: a materialist philosophy, a socialist economy, hostility to traditional social mores and institutions, and, most important, an all-encompassing utopian ideology. Of these three, only the Soviet dictatorship remains. Its theory and practice, guided by Marxism-Leninism, aims at reordering the international system by turning every encounter into a gain for world socialism.

Jean-Francois Revel warns us that the West has not yet learned to withstand aggressive totalitarian pressure from the Soviet dictatorship. He seeks to explain why we have so often been on the losing end of Soviet expansionism.

> There's no winner without a loser. And when the loser cannot blame his defeat on the inferiority of his equipment, then he has to have lost either because he used what he had badly or because of some peculiar crack in his self-confidence.

Unlike our successful defense against traditional empires throughout most of our nation's history, we have used our nation's assets poorly when confronted by Communist states. Our strongest weapon—confidence in the truth of our founding principles—has been shaken at its roots.

We were irresolute in the face of the Hungarian uprising; confused about Castro; cowardly during construction of the Berlin wall; negotiated out of Vietnam. We could only muster strong words during the Prague invasion in 1968 and the KAL 007 shootdown three years ago. We kept our sports teams home after the Afghan invasion and then took fully seven years to deliver Stinger missiles to mujahedeen freedom fighters. We took five years to decide to act against Qaddafi even while in the possession of ample evidence of his monstrous behavior. We gave Marxist Nicaragua $120 million in foreign aid, which no doubt helped the Sandinista regime buy Soviet weapons and go into the narcotics business. These are not mere "embarrassments" or mismanaged crises or foreign policy blunders. Real people lost their lives and liberty, and American security was attenuated.

The Soviets view these conflicts as past context of a global class struggle. Communists promote guerrilla war, terrorism, disinformation, subversion, espionage, whatever is necessary to achieve their objectives. America's democratic strengths have been probed and now exploited by an evil empire.

In an effort to socialize the Soviets into the international community, we have negotiated with them. We have granted them most-favored-nation status and lenient banking credits. We have shared our scientific achievements through technological pillage and industrial espionage. The U.S.S.R. excels in using our humanitarian desires to live in peace, our sense of community, our democratic openness, into furthering totalitarian hegemony. Without a comprehensive and cohesive strategy, without self-confidence in our values, we will allow the Soviets to overwhelm us.

The Hellish Marriage

We must learn to expect that Communist dictatorships will exploit tumultuous social conditions promising opportunities to manipulate violence-prone groups against U.S. targets. The K.G.B. has found, in the Ayatollah Khomeini, a willing accomplice. In 1981, the Khomeini government organized the Islamic Revolutionary Council to train and coordinate the holy war against the "great Satan," the United States. Numerous terrorist groups, including Amal Islami, Al Dawa, and the Iraqi Shiites, have received training in the Iranian city of Qum. Intelligence sources believe that the two trucks used in the bombing of the U.S. Marine barracks in Beirut were rigged and driven by terrorists trained in Iran.

The U.S.S.R. is currently poised to establish the kind of influence inside Iran that could assure dominance after

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Khomeini dies. Thousands of Iranians are Soviet-educated, and the Soviets have operated a hospital and steel plant inside Iran. These opportunities for recruitment are backed up by significant Soviet military assets on their mutual frontier with Iran.

To combat Islamic terrorism, we need much higher quality intelligence gathering operations. The trend toward electronic means, typified by spy satellites, has limited access to the deserts and mountains where terrorist acts originate.

What is needed is greater use of human intelligence gathering that literally shadows terrorist organizations. Clandestine counter-terrorist infiltrators could neutralize terrorist acts through sabotage or by calling in paramilitary assistance. When particular information about terrorism will not compromise intelligence sources and methods, wider public dissemination is in the interest of our democratic principles.

What To Do About Qaddafi

Often portrayed as a madman, Muammar Qaddafi is instead among the world's foremost terror strategists. He has never viewed terrorism as senseless violence. Qaddafi's sponsorship of political violence is designed to intimidate and demoralize. When directed at U.S. persons or property, his terrorist acts are designed to confuse decision making in our nation. The surprise attack on our peacekeeping marines in Lebanon, carried out by one man driving a truck full of explosives, was broadcast to millions by the mass media. Americans are stunned by such bloodbaths, our leaders rendered less effective.

In a truly remarkable speech delivered during the anniversary celebration of the Libyan revolution, Qaddafi bragged:

> The defeat the Americans suffered in Lebanon is not less than its defeat in Vietnam. The battleship *New Jersey*, the most powerful vessel in the world, was used. The Marines, who can land and occupy any place in the world—they were dealt a powerful blow by the blowing up of the U.S. and French headquarters and were *forced* to leave.

Libya has offered itself up as a terrorist training area, support center, and even a conference center for any groups that will join the collective struggle against the West generally, and the United States and Israel specifically. For example, Qaddafi has maintained close ties with both factions of the Palestine Liberation Organization. Funding of around $30 million was provided to Al Fatah, which carried out the infamous Black September operations of the early 1970s. An Al Fatah splinter group, the Fatah Revolutionary Council, carried out the December 1985 attack on holiday passengers in the Rome and Vienna airports. Eighteen people, including five Americans, were slain as they stood near TWA and El Al ticket counters. The other P.L.O. faction, the Popular Front for the Liberation of Palestine (P.F.L.P.), also heavily financed by Libya, has strong ties with European terrorist groups, including the Baader-Meinhof gang. The P.F.L.P. was responsible for the Entebbe hijacking and maintained the "Carlos group."

The list of additional terrorist groups supported by Qaddafi goes on and on. The Tupamaros (Uruguay), Montoneros (Argentina), the E.L.N. (Bolivia), the M.I.R. (Chile), the F.A.L.N. (Puerto Rico), the Sandinistas (Nicaragua), and the M-19s (Colombia) have all received Libyan support. European terrorist groups that receive training or aid from Libya include the Red Brigades (Italy), the Baader-Meinhof gang (West Germany), the Red Army, and Action Directe (France).

The U.S.S.R. is currently poised to establish the kind of influence inside Iran that could assure dominance after Khomeini dies.

In addition, Qaddafi has dispatched independent teams of terrorists worldwide, including a team to attempt to assassinate President Reagan that was hiding for a time in Canada. Libya has established training centers for three groups in Ras Halal, Misurata, Sirle, Tarhoona, and Foera, all terrorist shipping centers for weaponry, explosives, forged passports, and logistical support.

Quarantining the Disease

In October 1937, President Franklin Roosevelt recognized the threat to peace posed by Nazi Germany. He suggested that the lawless brutality of the fascist regime was like a disease that should be quarantined to protect innocent members of the community. Although later vindicated by history, F.D.R. was lampooned in the press for his proposal. President Kennedy used a quarantine to prevent the Soviets from deploying nuclear missiles in Cuba. Yet another use of quarantine was the mining and closing of Haiphong Harbor during the Vietnam War.

The U.S. use of force in the form of a surgical air strike last March was justified by Libyan involvement in the bombing of a West German night club frequented by U.S. military personnel. But what of Qaddafi's regular complicity in criminal acts against innocent civilians? A quarantine would close Libyan ports that export and import the tools of terrorism and would cut off Libya's mainstay terrorism funding source, oil exports. U.S. air power could close the ports with mines deployed in operations that would take only minutes. Mine sweepers to remove the mines would have to come from Soviet bloc states, which would place them in the position of acknowledging their friendship with Qaddafi.

Bombing raids, though at times justified, are risky and endanger civilians. A quarantine is not an overt act of war; it is simply drawing a boundary between those infected with the deadly disease of terrorism and innocent people who do not wish to be contaminated.

The assets of Libya should be seized wherever possible and a fund established for the victims of terrorism. We can

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no longer permit Qaddafi to continue the random murder of innocent civilians. A quarantine, if properly utilized, will move us beyond mosquito swatting and place us in the business of draining the swamp.

We cannot tolerate in our hemisphere a regime which closes down the Catholic radio station, which executes political opponents, which destroys schools, independent unions, and the media.

What We Should Know About Ortega

In July 1979, the Sandinista National Liberation Front (F.S.L.N.) installed itself as the new government of Nicaragua. A loose confederation of political parties, religious groups, and business interests had overthrown the authoritarian Somoza dictatorship. By December, key ministries were under control of the Combined National Directorate, a group of nine *comandantes, all dedicated Marx*ists. The world, including the Carter Administration, welcomed the new regime with open arms, providing $300 million in grants and nearly $1.6 billion in loans to the tiny nation with a population of less than three million. To be eligible for this aid, the Sandinistas promised, in June 1979, to hold free elections, protect political pluralism, allow a mixed economy, and maintain a non-aligned foreign policy.

Only days after the Sandinistas took control, the first Cuban military and security advisers arrived. Within a month, diplomatic relations were established with various Soviet bloc countries. Then the Soviets arrived to supervise the Cubans. Authority over the liberation army was placed under the exclusive control of the F.S.L.N., making it possible for the ruling junta to consolidate its internal authority along Stalinist lines. The outline of the agenda was spelled out in the September 1979 "72-hour document." The plan called for the continuation of the revolutionary process throughout Central America: "The foreign policy of the Sandinista Peoples' Revolution is based on the full exercise of national sovereignty and independence and on the principle of revolutionary internationalism."

In March 1980, the F.S.L.N. established party-to-party ties with the Communist Party of the U.S.S.R. The following month, Daniel Ortega adopted the title, junta "coordinator."

The Sandinistas inherited only three tanks, 25 armored vehicles, seven helicopters, and three artillery pieces from Somoza's National Guard. Today, they have over 150 Soviet-made tanks and 200 additional armored vehicles of various descriptions. Along with 30 multiple use helicopters, there are at least 12 of the world's best attack helicopters, the Mi24/Hind D, the so-called flying tank, in the Sandinista Air Force. The Soviets have also provided 120 anti-aircraft guns and 700 SA-7 surface-to-air missiles. Eastern bloc states have provided a variety of other military vehicles, including 1,500 trucks and 800 jeeps. Ortega has loaded Nicaragua up with 500 Cuban troops, 200 Soviet military advisers, and over 10,000 Eastern bloc technicians.

Under construction at Nicaragua's Punta Huete airport is a runway capable of accommodating Soviet military aircraft. Reconnaissance planes of Soviet origin based at Punta Huete could fly missions along the U.S. Pacific coast, much the same way they now reconnoiter our Atlantic coast from Cuba. Similar expansion into the Pacific would be possible for Soviet seagoing vessels, including warships and submarines, utilizing the Nicaraguan port of Corinto.

The F.S.L.N. military buildup directly threatens the safety of other Central American states whose military assets are a small fraction of Nicaragua's.

Terrorism under Ortega

In July 1985, representatives of the world's most notorious terrorist groups were convened in Managua for strategy sessions. As a demonstration of solidarity, each was invited by the F.S.L.N. to open an office in the Nicaraguan capital.

This open acknowledgement of terrorist organizations as legitimate demonstrates the integration of revolutionary militarism into all levels of the Nicaraguan government. In 1980-81, the Nicaraguan military made itself the secret supply hub for the guerrilla war in El Salvador. *Commandante* Bayardo Arce coordinated the logistical infrastructure that transshipped Soviet bloc weapons through Nicaragua and into the hands of Salvadoran guerrillas. At least three military training camps operated by Cuban personnel serve as Nicaraguan staging areas for attacks on Salvadoran targets, including utilities, transportation infrastructure, and food supplies. Honduras and Costa Rica have also been victims of Sandinista air hijackings, kidnappings, assassinations, and sabotage.

Although F.S.L.N. officials deny involvement in these attacks, their fingerprints continue to appear. There was a Nicaraguan connection when U.S. Marines were gunned down in a San Salvador cafe.

Weapons supplied by Nicaragua were used by the terrorist group, M-19, which brutally murdered virtually all the members of the Colombian Supreme Court. Indeed, the Ortega government held a "hero's funeral" for the comrades killed during the Colombian government's attempt to rescue the justices.

Nicaragua is well on its way to forward basing status for the U.S.S.R. on the North American mainland. This presents major security challenges to the Panama Canal, Gulf Coast sea lanes, (from both a commercial and military resupply perspective), and to other states in the region. Indeed, Ortega's open willingness to participate in terrorist and low intensity warfare activities outside Nicaragua typifies a fully operational Soviet proxy. In the words of Andrei Gromyko, Nicaragua has become "an American problem." It is, so far, for the Soviets, a strategic success.

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The Ortega Dictatorship

President Truman declared that "It must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures." Our strategic and moral responsibility is clear. We cannot tolerate, in our hemisphere, a regime which closes down the Catholic radio station, which executes political opponents (including expectant mothers), desecrates synagogues, and coordinates guerrilla war against neighboring democracies. For too long, we have been attempting a covert war against this illicit regime. The diversion of funds from Iran is simply an extension of this policy of furtively attempting to undermine the Sandinistas.

Here is a dictatorship whose neighborhood block committees are quickly coming to resemble Hitler's Germany. It is perpetuating unspeakable atrocities against its minority Indian population. The United States is a great power and a force committed to freedom. It is both embarrassing and unbecoming to act under the table in a matter where facts are so compelling. Halfheartedness and secrecy are not the partners of policies that are morally right. Covert support and C.I.A. secret mining of harbors are the handiwork of uncertainty and illegitimacy. We don't want a "dirty little war" in Nicaragua. We want an open drive for freedom.

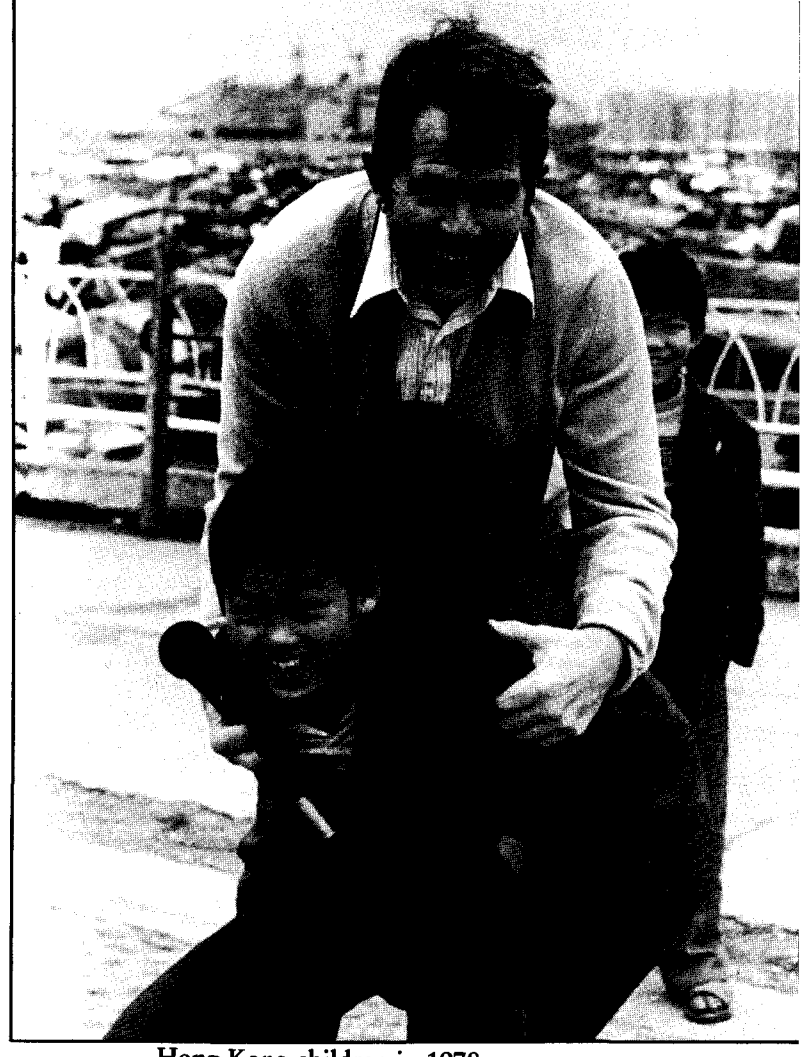
Recognizing the higher moral ground of the Truman Doctrine, our support for the United Nicaraguan Opposition (U.N.O.) should be public and official. The U.N.O. should be recognized as the legitimate Nicaraguan government in exile. We should take the initiative and invite its representatives to join the United Nations, the Organization of American States, and other appropriate organizations. Full diplomatic relations, treaties, and other normal state-to-state arrangements should be made. We should require that the U.N.O. demonstrate the appurtenances of a democratic government. They should draft and approve a constitution, and draw up a schedule for free elections.

Our allies, our citizens, the freedom fighters, and the Sandinistas need to know where we stand. Accordingly, we should dissolve diplomatic relations with the Sandinista junta, and terminate commercial trade. The terrorist adventures of the Ortega regime demand nothing less. To assist the thousands of innocent victims of Sandinista terror, including the families of the murdered Colombian Supreme Court justices, we should freeze any Nicaraguan assets in this nation. These resources should be used to pay restitution to the victims of Sandinista crimes.

The most underutilized asset of our foreign policy is simply to communicate the truth about dictators such as Ortega. Seriousness about our security and freedom requires nothing less.

How We Can Deal with Deng

It has been said that the 21st century will be the Pacific century. The People's Republic of China (P.R.C.), while still a developing country, is likely to become a major industrial and military power by the year 2050. Already it welcomes commercial relationships with the United States. Even though a Communist country, China seems determined not to become a subordinate of the Soviet Union. At the same time, the P.R.C. can be expected to identify and cement relations with client states of its own in the region, analagous to the kind of hegemony exercised by the Soviets in Eastern Europe.



Hong Kong children in 1978.

A range of views has been articulated on the future of China's reform movement. One approach emphasizes new economic opportunities for enterprises ranging from street vendors and private vegetable plots to factories. Under Mao Zedong, a billion Chinese were expected to labor harder for the state than free people work for themselves. This did not happen. After Mao's death, Deng Xiaoping instituted liberal economic experiments in his native Sichuan province. These quasi-capitalist improvements proved a success and soon spread throughout China.

Other views of the reform argue that party favoritism is widespread, allowing some Chinese to be more capitalist than others. Enterprising businessmen from outside the party are often persecuted or even jailed if they are too successful. Additionally, the adjustments in economic rules have not been followed by political liberalization.

For human rights purposes, China operates under the old guidelines of Mao. Criticism of the government is still an offense that is punishable by imprisonment. Amnesty International reports that most Chinese prisons contain political prisoners, many of them untried. Other Maoist remnants remain also. China's plan for a stable population by the year 2000 has led to millions of forced abortions. In one commune, out of 587 abortions, 252 were performed on women past their fifth month, a clear indication of reversal of an earlier government decision to allow the children to be carried to term.

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After the United States opened relations with China, commercial relations between the two countries increased dramatically. Today, 200 American firms do $2 billion in business with China. We have approved the sale of $550 million in high-tech military equipment for the P.R.C. Air Force, as well as a similar naval package.

Helping China get moving economically cannot take the form of computerizing its ability to subjugate its population.

Despite Deng's promotion of internal capitalist adjustments, the P.R.C.'s trade with the United States hardly reflects adherence to market factors. Chinese leaders have insisted that their share of the U.S. textile market increase at a rate of six percent per year. When Pan American Airways, which services China, decided to add a stop in Taipei, the P.R.C. threatened to terminate the carrier's license in China. Also directed at Taipei was China's insistence that the island nation not be allowed to issue visas inside the United States.

For the most part, the U.S. government has held tough on such requests. Congress is on record in favor of terminating U.S. contributions to the Asian Development Bank if Taiwan loses its membership to the P.R.C.

The opening of China to the West has also brought on a gradual thaw in Sino-Soviet relations. While the difficulty in U.S.-China relations continues to be Taiwan, from China's point of view, the three great obstacles with the Soviets are the shared frontier, Afghanistan, and Kampuchea. Nonetheless, the Chinese Twelfth Party Congress issued a formal statement declaring that Soviet and U.S. global behavior were equally hegemonist, and that one superpower need not be preferred over the other. Shortly thereafter, U.S.S.R-China trade was doubled. By 1985, agreements were signed boosting that trade to $1.8 billion. Cultural exchanges, technological cooperation, and other negotiations have been taking place regularly.

These Sino-Soviet accommodations present profound implications for the continuing viability of the strategic premise of our nation's relationship with the P.R.C. Will Deng attempt to leverage the ties with Moscow into greater U.S. hostility toward Taiwan? Would China share U.S. technology with the Soviets? The existence of these possibilities requires that U.S. policy take a hard and realistic approach toward China. This should not minimize the hopeful enthusiasm experienced by many Americans who have visited China and become acquainted with many Chinese citizens. We have empathy with the people of China and should rejoice that individuals have greater economic freedom. At the same time, we must conduct our affairs with China with greater linkage in the areas of fair trade, regional security, and human rights.

Deng and Linkage

The United States has much that China wants, especially industrial know-how and technology. I believe our policy should link trade to changes in Chinese behavior elsewhere.

If we are going to trade with China, one side's gain should not be another side's loss. Trade must be fair, not concessionary, and rooted in market factors. We must always remember that China's economic problems flow from its systemic commitment to Communism. Fine-tuning here and there does not mean fundamental economic change. We must guard against the syndrome of throwing good money after bad, which has happened too often when the United States embarks on development programs with nations whose economies fail to work.

Our nation's moral commitment to freedom and individual rights prevents us from helping to rebuild China's centralized totalitarian command system that stagnated under Mao. Helping China to get moving economically cannot take the form of computerizing its ability to subjugate its population. Specifically, China must move toward granting Americans the kind of freedom of movement in China that we allow for their citizens. Also, progress in the area of treatment of political and religious dissenters must be made.

We have required similar linkage in our dealings with South Africa, El Salvador, and Chile. China requires the same. Lastly, we must communicate to China that the Republic of China on Taiwan is a permanent and sovereign entity. Any cultural or ethnocentric ideas about a united China or "one China" have no place in the American idea of democracy and self-government. All indications are that Taiwan wants nothing to do with being a "special administrative province" of China. To enable the P.R.C. to annex Taiwan would violate the most fundamental of our nation's principles.

Discussions of China often employ the figure of speech "playing for the China card," implying that the United States has at its disposal an asset for the promotion of freedom and security in the Pacific Basin. Strong linkage of our Chinese trade with our fundamental goals will ensure that we do not become an "American card" for China.

Right-wing Dictators

Several states favorable to American security interests fall short on the freedom principle. This leads to the temptation of overlooking the longing for freedom to assure security, or of pressing for freedom regardless of the realities of security on the other. We are all impatient when we see people hurting under oppressive regimes, more so when the United States has ongoing relationships with such states.

There is a historic bond between our nation and the Philippines. The Filipino people fondly remember Douglas MacArthur for his role in securing their freedom, even to the extent of regarding their country as the 51st state.

Ferdinand Marcos rose to power in the Philippines at a time of anarchy. He brought order and even greater freedom to his people out of chaos and danger on the streets. Initially, he was welcomed by the people, especially the middle class and the owners of small businesses.

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Unfortunately, Marcos and his wife were gradually consumed by greed. This is a great temptation for those who stay in power unchecked by democratic processes. Graft in the government spread to the point where it was systematic and outrageous. In time, this alienated the middle class, the very people who initially supported Marcos. Our policy, which insisted on elections in the Philippines, was correct. Elections are the best way, if not the only way, to ensure that governments are acting in congruence with the will of their people. Corazon Aquino came to power backed by the churches, the middle class, and ultimately by the army.

Although the Aquino government will continue to face difficulties, including terrorism and insurgency by the Communist guerrillas, democratic elections have brought a new stability to the Philippines.

Confidence can be restored in American foreign policy if we do not become preoccupied with fine distinctions between dictatorships of left and right. Progress has been made in Grenada, El Salvador, Haiti, and the Philippines because the Reagan Administration has endeavored to sow democracy and freedom wherever there was soil that needed planting.

Promoting our two principles of security and freedom is never easy. South Africa, a regime with two tiers—democracy for one group and authoritarianism for everyone else—has taken some steps toward reform. The Pretoria government indicates a willingness to listen and black moderates like Chief Buthelezi courageously probe avenues of democratic reform. I propose a policy of *assertive engagement* that expands the involvement of U.S. business, educational, and cultural resources that will expand the black majority's access to the tools of self-government. Apartheid must end, but let us never side with those such as the African National Congress who say that millions of blacks will die in the process of the revolution that they are trying to create. Sanctions create the climate for revolution. Engagement with greater assertiveness makes us part of the solution.

South Africa is without a doubt a critical component of U.S. security. By carefully balancing our principle of security with our commitment to freedom, both goals can be achieved.

Our policy, which insisted on elections in the Philippines, was correct. Elections are the best way to ensure that governments are acting in concert with the wills of their people.

Dictatorships present problems that our nation, because of its commitment to security and freedom, must resolve. When we know in our hearts that a policy is morally right, the courage and forthrightness to act openly is essential. When outlaws murder whomever they will, in an effort to destroy the freedom to travel and our security, we must tell the truth about what is happening.

The Soviet Union has a global strategy—with Khomeini, Ortega, and Qaddafi each serving specific tactical purposes. Terrorism, human rights violations, and military proliferation are all part of the agenda. These programs are carried out under the ideological guise of liberation and historical inevitability, when in fact the program is enslavement.

The United States must make its vision clear to these despots: commitment to democracy, the rule of law, decisive actions against evildoers, and freedom for all.

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THE ROAD TO MANAGUA

How the *Contras* Can Win

TIMOTHY ASHBY

Last July, the Congress of the United States belatedly recognized the strategic and moral importance of aiding the *contras* of Nicaragua against their country's Sandinista oppressors. The strategic case for aid is that the Sandinista regime is a beachhead for Soviet expansionism on the mainland of the Western Hemisphere, and therefore a serious threat to U.S. national security. The moral case is that the *contras* are fighting for the freedom and democracy that was promised by the Sandinistas when they took power from Anastasio Somoza in 1979. Neither reason for supporting the Nicaraguan resistance has been changed by the recent controversy over who in the Reagan Administration did what to circumvent a prohibition on *contra* aid that Congress has since reversed.

Time is on the side of the Sandinistas, as it is of any totalitarian regime consolidating its power. The $100 million appropriated by Congress to the *contras* in July did not begin reaching them until October, thanks to procedural obstructions by House Speaker Tip O'Neill. Now that the democratic liberation forces are finally receiving their aid, the important thing is to make sure they win. Otherwise, the Sandinistas' base for the Soviets in our hemisphere will grow so impregnable that it could be dislodged only by American troops.

So far the freedom fighters have mainly waged a war of sabotage that has exacerbated the damage to the Nicaraguan economy already inflicted by the Sandinistas themselves. By keeping the Sandinistas on the defensive in their own country, the *contras* have contributed to peace elsewhere in Central America, particularly in El Salvador and Guatemala where Communist guerrilla wars are winding down.

But the *contras* have not yet been able to hold territory in Nicaragua, or to pose a serious threat to Sandinista rule. Today their struggle is even more difficult than it was several years ago: while Democrats in the U.S. Congress were holding up aid to the *contras,* the Sandinistas proceeded to consolidate their internal power and the Soviet Union poured close to a billion dollars in military aid into Nicaragua. The freedom fighters must contend against a military force that is already by far the strongest in Central America and is growing stronger every month.

The Sandinistas, however, have many vulnerabilities, and it may be possible for the *contras* to free their country within two years. To win, the *contras* will require another $100 million in aid, and may need a U.S. naval blockade to prevent Soviet and Cuban reinforcements of the Sandinista army. But the direct introduction of American ground troops is probably unnecessary and even undesirable at this point. Given the hostility of many Latin Americans to U.S. interventionism, Moscow's thrust in the Western Hemisphere will be thwarted most effectively if the people of Nicaragua liberate their country by themselves.

In framing a strategy for victory, the *contras* can draw upon the experience of the Sandinistas in 1979. The Somoza regime was not defeated militarily by the Sandinista insurgents; it collapsed through a loss of will brought about by a combination of military and diplomatic pressures. The *contras* can similarly try to provoke a Sandinista collapse by following a strategy with three phases:

1. Liberating and holding territory, preferably the Caribbean coastal region Miskitia.
2. Establishing a provisional government on Nicaraguan territory that will win recognition by Latin American, European, and North American democracies.
3. Staging a final military offensive, on three fronts, coinciding with popular uprisings and large-scale defections from the Sandinista military.

The Balance of Forces

The *contras* are the largest "people's liberation army" in Latin America today. The best estimate of troop strength in the Honduras-based Nicaraguan Democratic Force (F.D.N.) is 17,000 combatants, with another 3,000 recruits in training. The loosely allied Indian and black combatants operating in Miskitia number between 2,500 and 3,000. Their leaders claim that only a lack of weapons and supplies keeps their forces from doubling. Approximately 800 other freedom fighters, formerly under the command of Eden Pastora, operate in southern Nicaragua.

TIMOTHY ASHBY *is a policy analyst with The Heritage Foundation's Arthur Spitzer Institute for Hemispheric Development.*

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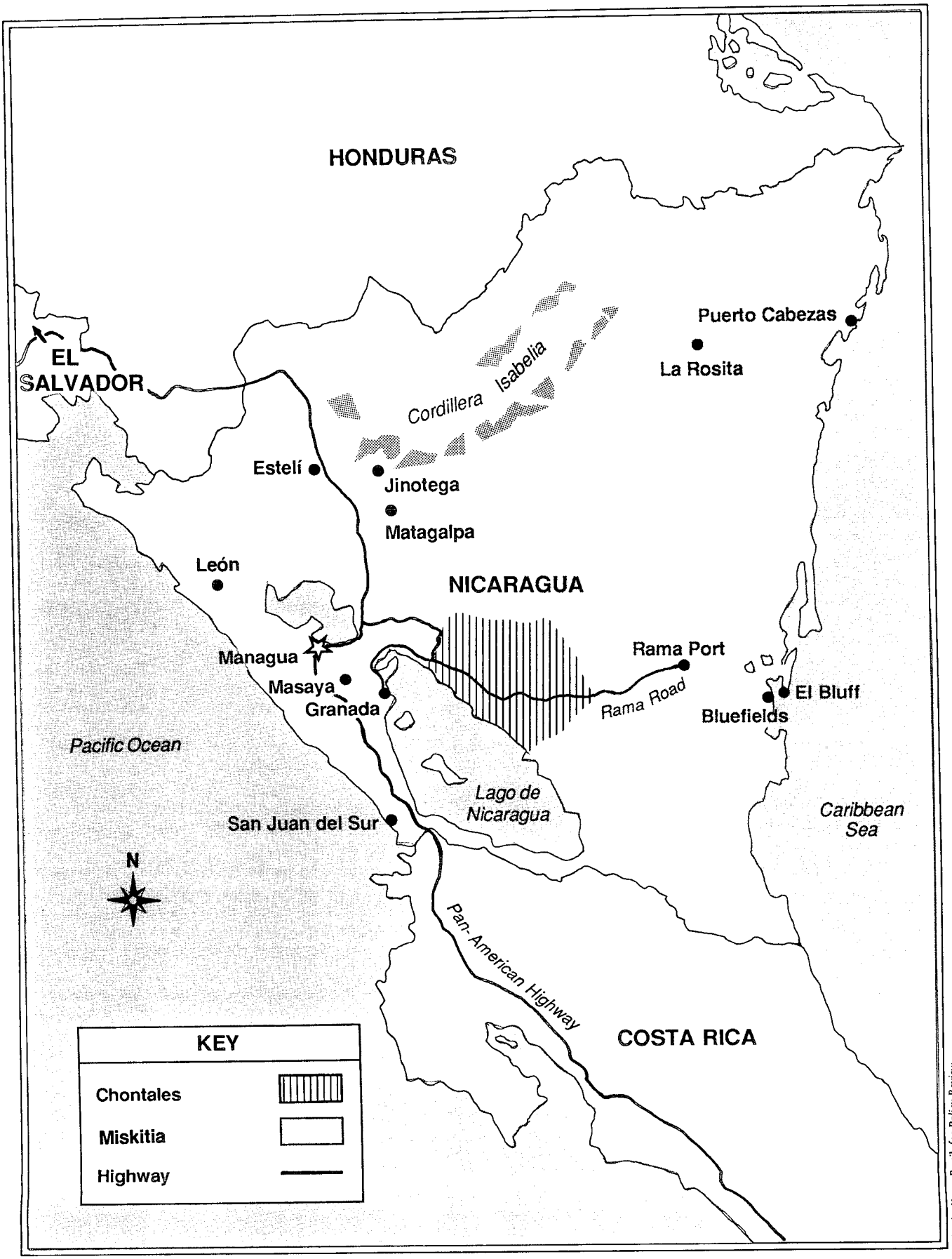

Map by Karen Pontik for *Policy Review*.

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Altogether, the size of the armed liberation forces has quadrupled to more than 20,000 combatants in only two years. The Nicaraguan freedom fighters are four times as numerous as the Communist guerrillas of neighboring El Salvador and three times the size of the scattered Sandinista units which forced Anastasio Somoza's departure in July 1979. Even the Sandinistas expect that the renewed flow of U.S. military aid will swell the ranks of the F.D.N. by another 15,000 soldiers.

The *contras* are four times as numerous as the Communist guerrillas in El Salvador, and three times the size of the Sandinista units that toppled Somoza.

Contra forces have shot down at least three Soviet-built Sandinista helicopters, have penetrated to within 25 miles of Managua before being forced to withdraw due to low ammunition supplies, and are credited with dealing a decisive defeat to an "elite" Sandinista force that invaded Honduras in March 1986. Within Nicaragua, moreover, there is a large noncombatant internal front that could be mobilized in support of the insurgency once it looked as if the Sandinistas were about to topple. The Roman Catholic Church remains the focus for popular discontent in the face of repression. The democratic political parties comprising the *Coordinadora* and their allies within the surviving independent trade unions labor against sophisticated repression to prevent the dictatorship from stamping out the last spark of freedom.

The *contras*' chances of winning a conventional war against the Sandinista government are remote. They have neither the force strength nor the armored capability to mount an offensive against major cities in Nicaragua's Pacific coastal region, such as Esteli and Leon, in a drive on Managua. The freedom fighters lack air defense weapons, artillery to use in besieging towns and defending territory, large stockpiles of ammunition, and adequate logistical support. Although desertions are low and morale appears to be high, the *contras*' basic training is not as thorough as their Sandinista opponents, and they suffer from a lack of professionally trained officers at the platoon and company levels.

These deficiencies are being remedied by the $100 million U.S. aid package, which will include training for selected officers and non-commissioned officers, and support aircraft for resupply, reinforcement, and medical evacuation. The freedom fighters will almost certainly need more aid, however, because they face the most powerful armed forces in Central America, staffed by 62,000 regular troops and another 60,000 militia, equipped with an arsenal of Soviet bloc tanks, helicopters, and artillery.

The Soviet Union has built the Sandinista Popular Army (E.P.S.) into a formidable coventional military force, probably as part of a long-term strategy for Central America which envisions using the Sandinista military machine to intimidate Nicaragua's neighbors or even invade them in support of Communist revolutions. The E.P.S. currently has an armored capability that includes Soviet T-54/55 main battle tanks, PT-76 amphibious tanks, BTR-60 armored personnel carriers, and other vehicles. The Sandinista inventory also includes anti-aircraft missiles and artillery, rocket launchers, thousands of transport vehicles, and a fleet of 57 helicopters (many piloted by Cubans) which includes 12 Mi-24 (Hind D) gunships described by *Jane's All the World's Aircraft* as a "flying tank." Operating from secure, well-supplied bases close to the cities of the Pacific coast, the E.P.S. would decimate a conventional *contra* offensive. This area can be liberated, but not directly.

Seizing Territory

One part of Nicaragua where the freedom fighters can successfully capture and hold territory is Miskitia, the isolated Caribbean zone which comprises roughly half of the country's territory. The 200,000 inhabitants of Miskitia—a heterogeneous mixture of black Creoles descended from British West Indian immigrants living peacefully with Miskito, Sumo, and Rama Indians—harbor a historical antipathy towards the "Spaniards" of the Pacific coast and consider E.P.S. garrisons in their territory a foreign army of occupation. The first popular revolt against the Sandinista regime took place in the predominantly black, English-speaking city of Bluefields in September 1980 to protest the indoctrination efforts of several hundred Cubans. The Sandinistas' brutal efforts to "pacify" Miskitia through torture, executions, jailings, and forced relocation to concentration camps caused 30,000 Indians and Creoles to seek exile in Honduras, leading the Indian group Misurasata to declare "open political war on Sandinismo." Throughout the region, hatred for Communism is intense, and resistance fighters regularly ambush Cubans and Sandinistas.

The short-term strategic goal of the democratic liberation forces should be to split Miskitia from the Pacific coast region, capture the two Caribbean ports of Puerto Cabezas and Bluefields, and establish a provisional government on Nicaraguan territory. E.P.S. troops, plus several companies of Cubans, are deployed in considerably less numbers in Miskitia than in the other half of the country. The only significant garrisons, at Rama Port, El Bluff/Bluefields, Puerto Cabezas, the Guadeloupe Moreno Military School, and La Rosita in the gold-mining region, feel cut off from Hispanic Nicaragua, and morale is low. With the exception of the Cubans—who learned from their experience in Grenada that surrender meant demotion and a transfer to Angola—E.P.S. forces could crumble quickly in the face of a determined *contra* assault coupled with popular uprisings. In light of the Sandinistas' fears of reprisals by the local population, *contra* commanders should promise safe conduct and release to the International Red Cross for those who surrender. Humane treatment for E.P.S. prisoners, followed by their return to Sandinista-controlled territory, would have an important

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UPI/Bettmann Newsphotos.

There are now 20,000 *contra* combatants. Here a supply officer hands out mortar to troops.

public relations effect, disproving Managua's propaganda that the *contras* are all Somocista baby butchers and rapists.

Once taken, Miskitia could be more easily defended against a counterattack than any other part of the country. La Rosita, Puerto Cabezas, Bluefields, and the nearby port of El Bluff have been fortified and provided with new or extended airfields. If captured intact, these installations could yield the *contras* a significant inventory of air defense weapons, artillery, vehicles, and warehouses of small arms, ammunition, and other military supplies. Soviet-supplied ZPU-4, ZU-23, M-1939, and S-60 anti-aircraft guns, as well as SA-7 missile launchers could effectively defend captured Sandinista airfields, allowing for rapid buildup of *contra* troop strength with efficient logistical support. Heavy equipment and bulk supplies for the democratic liberation forces could be delivered at the El Bluff port complex, now being modernized and enlarged by Bulgarian engineers. El Bluff's new 1,000-foot pier has the ability to handle cargo ships up to 25,000 tons. The only real highway connecting the Pacific and Caribbean coasts, the Rama Road (which ends at the river port of Rama, 30 miles from Bluefields), could be cut at several places to prevent an E.P.S. armored column from relieving a besieged Sandinista garrison or retaking Miskitia. Other routes are virtually impassable for heavy vehicles, and even if this were attempted, tanks could be ambushed by guerrillas equipped with light antitank weapons.

The Sandinistas' only military alternatives would be the airlifting of troops and light equipment or an amphibious assault. Both scenarios would almost certainly require a major support effort by Cuba, for the E.P.S. has neither the aircraft nor ships needed for such an operation. Total Sandinista troop ferrying capability, including helicopters, U.S. C-47s, Spanish C-212s, Israeli ARAVAs, Soviet AN-2s, and a pair of Russian AN-26 B Curl transports, could carry only the single E.P.S. Cuban-staffed special airborne battalion, and such an operation would require denuding western Nicaragua of air force assets—leaving that populous region vulnerable to attack by *contra* commandos. In the event that Cuba committed aircraft or ships in support of the E.P.S., the United States would have the legal right to intercept and, if necessary, destroy them.

Two resolutions by the Senate and House specifically state the determination of the United States "to prevent by whatever means may be necessary, *including the use of arms*, the Marxist-Leninist regime in Cuba from extending by force or the threat of force its aggressive or subversive activities to any part of this hemisphere." The U.S. State Department Legal Advisor's Office has ruled that these Congressional resolutions are consistent with the War Powers Act, thereby allowing the President of the United States to use his authority to prevent Cuban intervention in Nicaragua.

The International Front

In order to maintain good relations with the indigenous inhabitants of Miskitia and avoid the risk of losing the support of the Indian and Creole warriors, the provisional government must formally pledge that, following the total liberation of Nicaragua, the Caribbean coastal region will be allowed semi-autonomy with full freedom for religious, cultural, and linguistic institutions.

It is vital for the provisional government to quickly demonstrate the type of free society it will construct after the fall of the Sandinista dictatorship, for the eyes of the world will be focused on their every action, and their opponents will seek any opportunity to discredit them. Human rights must be scrupulously respected, schools and churchs reopened, and freedom of press and speech restored. Priority should be given to establishing a Voz de Nicaragua Libre (Voice of Free Nicaragua) radio station, modeled on the balanced, highly respected Radio Marti broadcasts to Cuba.

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UPI/Bettmann Newsphotos.

***Contras* train on a 50-caliber machine gun. They need $100 million more to defeat the Sandinista regime.**

Once the provisional government is established in eastern Nicaragua, the United States and other nations should grant it recognition. A prerequisite must be severing of diplomatic relations with the Sandinista regime. Multinational support for both breaking diplomatic ties and recognizing the new provisional government could come more easily in the aftermath of a reconvening of the Organization of American States (O.A.S.) 17th Consultative Meeting of Foreign Ministers to consider the Sandinistas' non-compliance with their commitments on political pluralism made to that body before taking power. It should be remembered that, in a June 1979 resolution, the O.A.S. reserved for itself the right to reopen the question of Nicaragua's future. To prepare for this, the two main *contra* political organizations, United Nicaraguan Opposition and Opposition Bloc of the South (B.O.S.) should open more offices in the capitals of key Western democracies and demand observer status at international organizations such as the United Nations and the O.A.S. This tactic is already working; in June 1986, the B.O.S. was invited to be an observer at the Socialist International Congress in Peru, an action which caused a walkout by the Sandinista delegation.

The Final Offensive

Severance of diplomatic relations with the Sandinistas (a process courageously begun by Ecuador in 1985) and recognition of the provisional democratic government would be a severe blow to the Managua regime as well as to its backers in Havana and Moscow. It would hearten the internal opposition, leading to more overt support for the armed liberation forces. At this point (assuming that their supply lines are secured), the *contras* should mount an offensive on three fronts that will converge on Managua. The democratic liberation forces—over 20 percent of which are now composed of former Sandinistas—would be wise to use the F.S.L.N.'s successful tactics of 1979 as a precedent.

The *contras*' first front should be a drive from the northeast through the Cordillera Isabelia towards the strategic cities of Jinotega, Matagalpa, and Esteli—all important tactical objectives of the 1979 F.S.L.N. offensive. The second front should advance west along the Rama Road to liberate the Chontales region—the most actively anti-Sandinista area remaining in the western half of Nicaragua. The third front, from the south, should duplicate former Sandinista hero Eden Pastora's 1979 tactic of seizing the area around El Naranjo on the Pacific coast, and initiating positional trench warfare along the Pan American highway, with the *contras*' rear protected by Lake Nicaragua. This would tie down large numbers of E.P.S. troops in the same way that Somoza's National Guard was tied down here. The southern front should also seize the port of San Juan del Sur for logistics purposes.

As the democratic liberation forces begin their slow, methodical advance on Managua, their ranks would be swelled by people seeking to be on the winning side in much the same way that thousands of previously uncommitted Nicaraguans flocked to the F.S.L.N. banner in the final weeks of the offensive against Somoza. As the Sandinista regime goes increasingly on the defensive, more than half of the E.P.S. reserve forces can be expected to desert to the *contras*, while whole battalions of E.P.S. regulars—in some cases led by their officers—will probably join the liberation columns advancing on Managua. As in the case of Soviet-occupied Afghanistan, E.P.S. deserters in company-sized formations can be expected to shoot their hardline Communist officers and non-commissioned officers, provoking mutiny in other Sandinista units.

The Sandinista regime is beset by a variety of serious problems. The economy is near collapse, with inflation estimated at more than 125 percent per year and food so

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scarce that the *comandantes* reportedly fear widespread famine and uncontrollable food riots. Although the Soviet bloc now supplies all of Nicaragua's oil and has given the Sandinistas close to $1 billion in military aid, Moscow was deaf to President Daniel Ortega's request last year for some $200 million in emergency hard currency assistance to purchase food and other essential goods. Despite the hardships of the Nicaraguan people, the F.S.L.N. party elite and its court of foreign Communists enjoy a luxurious life in their confiscated mansions through access to Managua's Soviet-style hard currency shops and frequent trips abroad.

Sandinista Rivalries

Sandinista revolutionary fervor disguises pervasive pessimism and widening rifts within the government. In January 1986, Victor Tirado Lopez, a Mexican-born member of the ruling F.S.L.N. National Directorate, said that he foresaw difficult times ahead for the Sandinistas. Tirado admitted that "there has been a great change in the balance of military forces" in Nicaragua as a result of the recent loss of a military helicopter to a *contra* SA-7 anti-aircraft missile. The *comandante* stated that the Sandinistas were disturbed that other Latin American nations had not condemned either the incident or the acquisition of such weapons by the democratic liberation forces, and acknowledged that the "unity between Latin America and the Sandinist revolution" had been strained "because the political interests in the region have changed." Another demoralizing factor for the F.S.L.N. is the realization that U.S. military and economic assistance to the once beleaguered government of El Salvador has crippled the Communist guerrilla movement in that country and reversed its momentum. The democratically elected Salvadoran government has also been accepted as a legitimate member of the international community, while Nicaragua is increasingly ostracized by former friends and supporters.

Factions have developed among the Sandinista party elite which parallel the preludes to the bitter Coard-Bishop power struggle in Grenada in 1983 and the internecine war in another Soviet client state, South Yemen, in January 1986. The Ortega brothers, President Daniel and Defense Minister Humberto, have reportedly created jealousy and animosity among other Sandinistas for their aping of Cuba's Castro brothers, Fidel and Raul. Not only do the Ortegas reportedly imitate the Castros' mannerisms, dress, and speech, but also their respective political and military positions: President Daniel Ortega, "supreme commander of the Armed Forces," recently promoted brother Humberto to the rank of four-star general in a ceremony boycotted by other prominent Sandinistas. Allegedly considered a pompous fool by professional soldiers of the E.P.S., Humberto so distrusts his own troops that prior to attending a swearing-in ceremony for army recruits at a base in Esquipulas in February 1986, the men were ordered to unload their assault rifles. The incident prompted one young reservist to comment that "the Sandinists were not stupid, as they gave us weapons without bullets." Desertion rates among E.P.S. and reserve troops run as high as 20 to 30 percent during engagements, and special platoons accompany Sandinista battalions for the sole purpose of intercepting deserters.

The "internal contradictions" of the Sandinista regime, coupled with military successes by the *contras*, can lead to a dissolution of the Marxist dictatorship, and to the establishment of an internal front. Nicaragua's noncombatant internal opposition must currently contend with secret police trained and directed by Soviets, Cubans, and East Germans, while every city and town is watched by the extensive Sandinista Defense Committee neighborhood spy system. Nicaraguans brave enough to voice criticism of the regime are brutally interrogated and carted off to join more than 6,000 other political dissenters lost in the Sandinistas' prison system. But as the Sandinistas begin to lose control, internal opposition can be expected to grow rapidly, just as it did in the last year of Somoza's dictatorship.

Considered a pompous fool by professional soldiers, Humberto so distrusts his own troops that prior to attending a swearing-in ceremony for army recruits, the men were ordered to unload their rifles.

Defections to *Contras*

The reaction of Sandinista authorities to burgeoning public disorder will be heightened repression and measures such as the round-the-clock, shoot-on-sight curfew imposed in the final days of Grenada's Communist dictatorship. This will only increase popular opposition to the regime, and uprisings will take place in the cities of Jinotega, Leon, Masaya, Granada, and elsewhere in defiance of local authorities. Some E.P.S. garrisons in provincial cities will support the townspeople, and minor Sandinista officials can be expected to declare allegiance to the democratic liberation forces as the tide of popular feeling turns against the F.S.L.N. Loyal E.P.S. troops will probably be pulled back to defend Managua—and the nine *comandantes*—after token defenses of outlying cities.

By this time the Sandinista government's National Directorate will have broken down into openly quarreling factions. The most likely scenario would feature one party of *comandantes*, the *acomaditicio* (or accommodationist faction), favoring a truce with the democratic liberation forces followed by negotiations leading towards interim power sharing. This group would be opposed by a diehard Marxist-Leninist faction intent upon holding onto power via a protracted defense of Managua and ruthless control of the city's population. The latter faction—probably led by Interior Minister Tomas Borge and Comandante Bayardo Arce—would appeal to Moscow and Havana for "fraternal assistance." Although the odds are heavily against the introduction of Cuban or Soviet combat forces

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to prop up the F.S.L.N. regime, the United States should serve notice of its resolve by a blockade of Nicaragua's Pacific coast as well as the Caribbean coast.

In the Sandinista government's final hours, a series of coups d'etat and countercoups will probably take place. Tomas Borge, who controls the Sandinista police, the General Directorate of State Security, as well as the 2,000-man hand-picked *Pablo Ubeda* infantry brigade, could attempt to seize power by arresting or assassinating the Ortegas and other members of the *acomadaticio* faction. If this occurs, Borge's bitter rival, E.P.S. chief of staff General Joaquin Cuadra Lacayo could be expected to use his superior forces to crush the Borge faction and take over the vestiges of government. Cuadra, a pragmatic leftist with family ties to leaders of the democratic forces, would almost certainly call for a ceasefire and a negotiated settlement of the Nicaraguan civil war. Both sides would probably agree to a provisional government composed of a broad-based advisory council, a timetable for truly free elections, and the demobilization of both *contra* and E.P.S. military units supervised by an O.A.S. force.

Needed: $200 Million

Contrary to the speculation of some critics of a military solution to the Nicaraguan crisis, a victory by democratic forces would probably not lead to yet another guerrilla war created by diehard Sandinistas regrouping in the mountains. Two excellent precedents exist to support this. First, although World War II Allied forces expected fanatical Nazi Werewolf commandos to continue fighting in southern Germany after the fall of Berlin, these specially trained units simply dissolved. Second, following the 1983 U.S. rescue mission in Grenada, Cuban and Grenadian guerrillas were believed to have retreated to the island's mountainous interior; none were ever reported, aside from several pathetic unarmed Cubans who had hidden in the bush to escape being sent back home. Any Sandinista fanatics surviving the final power struggle will probably flee to Cuba or Mexico, while the rest of Nicaragua's people, tired of more than a decade of civil war, will want only peace.

Although the recently appropriated $100 million in aid to the *contras* will give them vastly improved strength and provide them with momentum, this amount will almost certainly not be enough to generate a decisive victory for democratic forces. Another $100 million in economic and military assistance will probably be necessary to end the Nicaraguan civil war by 1989. The psychological aspects of continuing commitment may be as important as the materiel.

No Marxist-Leninist regime has ever before been overthrown by a popular revolution. An unwavering commitment by the United States is therefore a vital psychological component of a winning strategy, serving notice that regardless of which political party controls the White House or the Congress, the United States will stand by Nicaraguans who are willing to fight for freedom. The Nicaraguan people need more than just weapons and training to overturn the Sandinista dictatorship. They need confidence that the United States is on their side and that Marxism-Leninism in their country is on the wrong side of history. ☎

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Scientists And National Defense

An Open Letter to Hans Bethe

Edward Teller

Dear Hans:

I should be much happier to write you a private letter, but the subject matter—military preparedness and in particular the strategic defense initiative (SDI)—has been made a topic of public controversy by some of your associates.

The prominent vocal opponents of SDI in the scientific community include a dozen names or less. Among these, you are the most important, due to your well-deserved reputation and your long-standing and continuing knowledge of, and interest in, the related technical issues.

Recently, 663 members of the National Academy of Sciences (N.A.S.) were polled for their opinions about SDI by your home university, Cornell. Having received three consecutive solicitations, together with a follow-up telephone call, 451 members offered their comments on SDI, which were generally negative. I believe that the extent of participation was largely due to the persistence of the poll-takers and to the fact that your respected name appeared among those who signed the original letter.

During the time that the poll was being taken, more than a million people heard you make a statement about me on television: "There is a big group, a majority of physicists in any case, who think he has done evil." I have also been publicly attacked for giving dangerous advice to President Reagan. Thus, the issue has certainly become public business.

That we disagree is obvious. Through difficult decades while working on the applications of science to defense, I was motivated by the conviction that ignorance is a great danger. On this point, scientists should agree.

You and I talked for the first time abut nuclear explosives, including the hydrogen bomb, on a train going from Chicago to Berkeley in the early summer of 1942. Much has happened since then. I want to review a few details, some that are shared memories, some that may be new to you. I shall also try to suggest a different direction for your criticism.

Los Alamos

I have often been asked whether progress on the atomic bomb should be regretted. As you know, our conscious motive at the time was to get the atomic bomb before Hitler could produce one. We did not know it then, but it is now clear that several mistakes were made in the German projects and that the Nazis were unlikely to develop the atomic bomb first. Werner Heisenberg led the German effort. He usually put a lot of enthusiasm into his work, but he had no ambition on this occasion.

On the other hand, we also know that the Soviet scientists under I.V. Kurchatov made real progress on atomic energy before 1945. As his biographer reports:

> Most of the personnel came to Kurchatov with only the clothes on their backs and what had been thrown together in small suitcases. Their other belongings, including the books and manuscripts so important to scientists, would have been lost in evacuation or during air raids.

The Soviet Union exploded an atomic bomb in 1949. Knowing that such a weapon was in the hands of the United States may have added to their speed. But I have little doubt that had we abstained from work on atomic energy, the first atomic explosive would have been tested in the Soviet Union during the 1950s. In that sense, we did not influence history by creating an atomic bomb. But what we did was important because the atomic bomb became available first to a country that values peace more than power.

I see my own role in wartime Los Alamos as working on new ideas and helping others on a novel subject. For instance, I had the exceptional opportunity for a couple of weeks of explaining the secrets of the atomic bomb to a newcomer, Enrico Fermi. Earlier, in the late spring of 1943, I talked with Johnny von Newmann about Seth Neddermeyer's idea of implosion. Johnny and I came to the conclusion that the compression of normally incompressible materials would be very important. You insisted

Edward Teller *is a senior research fellow at the Hoover Institution and associate director emeritus at the Lawrence Livermore Laboratory. His forthcoming book,* Better A Shield Than A Sword, *will be published by the Free Press in 1987.*

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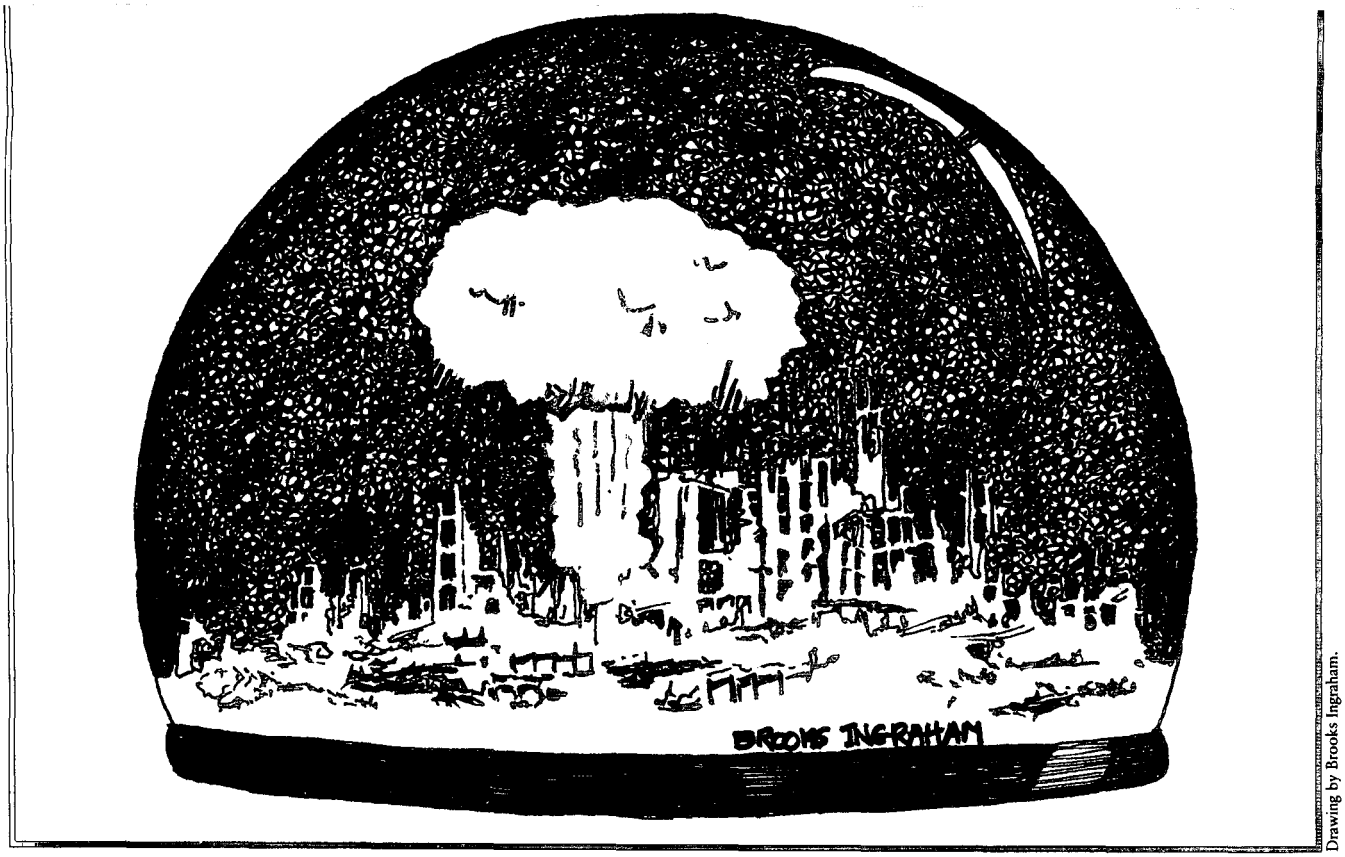

Drawing by Brooks Ingraham.

that I should follow up by doing the mathematical calculations related to implosion, hardly the work I do best. Robert Oppenheimer, who did an outstanding job in running the laboratory, decided that I should pursue other tasks more in line with my abilities. For that, I was and remain grateful to him.

In connection with Oppenheimer, I also remember a conversation that occurred in Chicago before the Los Alamos laboratory was established. I do not believe that you were present.

Oppenheimer was talking about the terrible unemployment problem physicists had had during the Depression. I do not remember his precise words, but I was struck by the import of his statement—that if our effort on the Manhattan Project ever succeeded, physicists would never again be held in such low esteem. At that time, of course, we were embarking on precisely such an effort to produce an atomic bomb.

In the mid-20th century, the United States was far ahead of the rest of the world in practically every branch of technology. In the military field, this technical advantage was mainly due to the development of atomic energy. Essential contributors, many of whom worked in the Los Alamos laboratory, included Niels Bohr, Arthur Compton, Harold Urey, Ernest Lawrence, Robert Oppenheimer, Enrico Fermi, Leo Szilard, Eugene Wigner, John von Neumann, and yourself.

In connection with the recent poll of N.A.S. members, individual comments were made by respondents on the topic of SDI. One was: "It is drawing talent and other resources away from the basic research on which future industrial and military technology depend." The remark, the substance of which was repeated in about one out of every 10 written comments, could rightly be applied to World War II research on radar and atomic energy. The *Physical Review* contained about 1,400 pages of articles in 1939. In 1944, the publication had shrunk to about 300 pages. Attention was diverted from research to weapons production. That is why it took less than seven years from the discovery of fission to the first atomic bomb.

Today, no decline in publications is noticeable. The degree to which people with established academic reputations participate in helping with SDI work is very slight. To the extent that the concern about military applications siphoning off scientific talent has any validity, it must be applied to the early 1940s, not the present.

The one regret I have about the atomic bomb is that we missed the opportunity to attempt to end the war by a demonstration of the bomb to the Japanese that would not involve the destruction of cities. I remember that in the early summer of 1945, I showed Oppenheimer Leo Szilard's letter and petition to the President not to use the atomic bomb against Japan. Oppenheimer persuaded me on that occasion that it was not the business of a physicist to give advice on such matters of policy. I was too easily persuaded. Later I learned that Oppenheimer gave advice on that very question, recommending that the atomic bomb should indeed be dropped. Not much later, Oppenheimer made his famous statement that "physicists have known sin." I would say that physicists have known power.

The participation of brilliant people and the general support of a military enterprise seen in wartime Los Alamos have never again been repeated. Still, the hydrogen bomb was developed in the period between 1950 and 1952. To a great extent, this speed was due to the intellectual effort that had been made by a considerable number of scientists during World War II.

The first initiative came from Enrico Fermi about 1941. During the summer of 1942, a truly wonderful group—including Oppenheimer, J. H. Van Vleck, Felix Bloch, Emil Konopinski, Stanley Frankel, Robert Serber, yourself, and myself—discussed the possibility of the hydrogen

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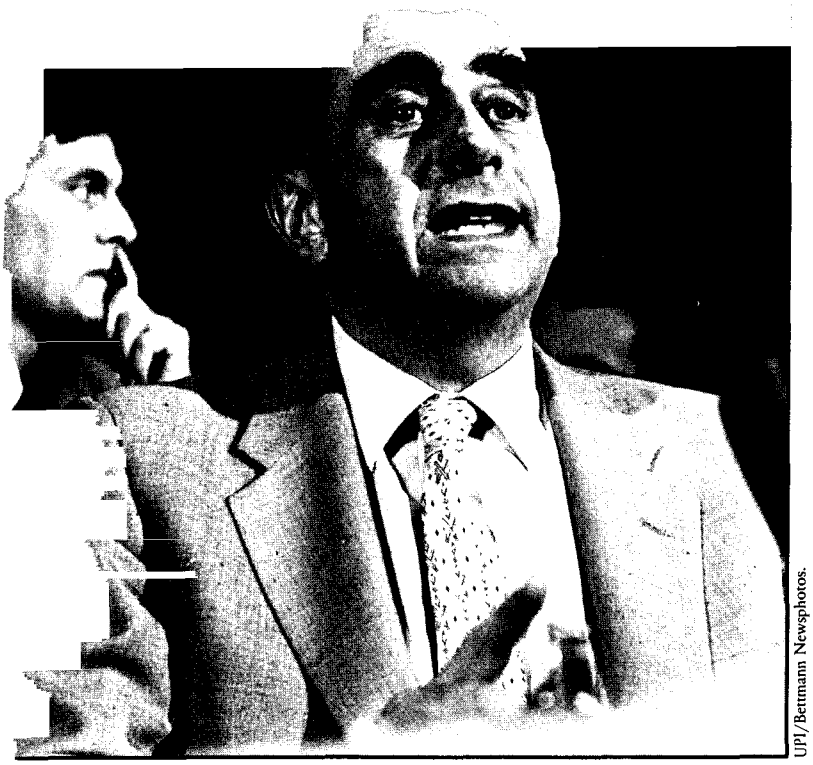

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Edward Teller.

bomb even before the detailed work on the atomic bomb started. The approach we took at that time contained much of the understanding that was ultimately needed for success.

In Los Alamos during the war, the rapid development of the atomic bomb had to take precedence. Oppenheimer fully realized this necessity. I regretted the fact that our effective idea should not be pursued, but Oppenheimer was right, and I had to agree with him. He in turn was fully in agreement with the situation where I with a small number of associates devoted part of our time to this future possibility.

At the end of the war, I was unhappy to leave the work on the fusion explosion incompleted. You who have done so much to complete substantial ideas should understand that feeling. In 1949, after the Soviets tested an atomic bomb, I had to ask myself what they would do next, and I remembered Stalin's statement that he would have an atomic bomb and something more. Ernest Lawrence, who had heard of my wartime work, visited me to ask about the details and possibilities of a fusion explosion. After reviewing the technical facts, he told me that, under the circumstances, work on the hydrogen bomb was a necessity.

No doubt you remember the objections raised by the scientists on the General Advisory Committee of the Atomic Energy Commission, when in the fall of 1949, they advised in strong terms against working on the hydrogen bomb. They were convinced of the permanent technological superiority of the United States. They expected that if we did not work on the hydrogen bomb, the Soviets would not do so either. We now know from Andrei Sakharov's writing that the was drafted to work on the Soviet hydrogen bomb project in mid-1948, more than a year before the hydrogen bomb debate began.

You also know that in January 1950, President Truman decided that work on the hydrogen bomb "should be completed." Some people imagine that I advised President Truman. I talked with Senator Brien McMahon at the senator's request; I talked with Admiral Lewis Strauss, a member of the Atomic Energy Commission, at my request. I did not talk with President Truman.

Before the negative report of the committee of scientists, I remember talking first with Fermi and then with you. I suggested to Fermi that he take charge of the program; I would be happy to work for him. His answer was a clear refusal. When I came to Ithaca and made the same request of you, your first answer was positive. Most unfortunately for me, you changed your mind a few days later.

At the time of the first Soviet nuclear test, I had already begun what was to have been a year of work at Los Alamos. When President Truman decided to develop the fusion bomb, I knew very well that, while it was possible, it was by no means a certainty. I extended my visit in order to work on the hydrogen bomb. Indeed, I found myself in charge of the project because I had not found a leader for the program in you or Fermi. I had to recruit others to help, like John Wheeler, Lothar Nordheim, Freddy de Hoffman, Marshall Rosenbluth, Stanislaw Ulam, and Conrad Longmire.

Even after Truman's decision to go ahead, opposition to the hydrogen bomb stayed very much alive. The emphasis shifted from moral grounds to the question of feasibility. Calculations proposed by Ulam cast doubt on the original proposal. It then became obvious to me that compression of the fusion fuel would be a great help. You were kind enough to listen to this proposal and agree, which aided in gaining support to complete the work.

As for my own role, I was in charge of the technical matters. The question of how much I accomplished I must leave to others. Three points are obvious: the hydrogen bomb was developed; the roster of people who worked on it does not compare with those who worked on the atomic bomb; the unanimity of the scientific community was no more.

The SDI Debate

The debate on the hydrogen bomb was of relatively short duration. The ongoing debate on SDI has become increasingly shrill over a period of almost four years. As an illustration, I shall use remarks sent in by respondents to the Cornell poll.

The atomic bomb, and to a far lesser extent, the hydrogen bomb, involved efforts close to science, if not science itself. The SDI work in progress and in the planning stage is mostly in the field of engineering. Indeed, one remark offered in the Cornell poll asked: "Why is this questionnaire not being sent to the National Academy of Engineering?"

The difference in the needs of the two programs may turn out to be less real than apparent. In early 1945, my good friend Eugene Wigner tried to persuade me to continue work on nuclear reactors rather than to work on the atomic bomb at Los Alamos. Deeply and successfully involved in planning the first nuclear power plants, he believed (like many others) that once the plants could produce plutonium, the construction of the bomb would become a mere engineering detail.

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As you, Hans, know well, designing and constructing the bomb required scientists fully as much as engineers. Many of the problems that emerged in Los Alamos had solutions that led to new branches of science, such as high pressure physics. If scientists are not interested in SDI, this certainly will have consequences both for science and also for our political future. One respondent to the Cornell poll put it succinctly: "New ideas like SDI are very important for the defense of the United States. To imagine that things can stay the same is wrong. To portray a defensive system as an offensive weapon is backward reasoning." The fact is, however, that most of the ideas in SDI are old; they involve technologies that have already moved from the laboratory into practical use, for example, lasers. Even though laser technology is not new, would anyone claim that it has developed to the point where new scientific methods and understanding will no longer be connected with it?

Many objections to SDI center around the point presented by the following poll response.

> No complex engineering system comes anywhere near 100 percent perfect without enormous amounts of testing and operational experience—not possible for SDI. Without close to 100 percent performance, a nuclear attack would be enormously destructive; *one* bomb on a major city would kill millions.

Perfect defense is, of course, impossible. To my mind, the relevant question is different: can a partially effective defense make a substantial contribution to deterring war?

The questions in the Cornell poll put the main emphasis on the feasibility and effectiveness of strategic defense, but in about one out of six comments a widespread opinion is stated: "Its most damaging aspect is the obstacle it represents to strategic arms reduction agreements." It is not clear that arms reduction agreements are the only way, or even the most productive way, toward achieving peace and stability. For 30 years, we have emphasized that means. Who can say whether this process has increased or decreased our security? Considering a supplemental approach is justified.

To my mind, the effect of SDI on Soviet-American relations is the most important. One respondent in the Cornell poll says: "SDI is guaranteed to escalate the arms race. What would I do if I were a Russian military commander? Forget SALT treaties and build more missiles." Another remarks: "The SDI is designed to gain superiority for the United States via our superiority in high technology. It is highly destabilizing."

One of the questions in the poll asked whether the United States or the Soviet Union was ahead in defense technology. About a third of the respondents felt the Soviet Union was somewhat behind, and another quarter felt they were significantly behind. One-fifth of the respondents chose not to venture an opinion.

My opinion about the strength of Soviet defensive technology is based on the following facts: the deployment and upgrading of 100 defensive missiles around Moscow (the building has continued through 20 years); the deployment of an all-embracing radar ring; the development of mobile surface-to-air missiles (Soviet SA-12s) that carry their own radar and could expand the Moscow defense; a decade of research and deployment of high intensity lasers, at a cost exceeding a billion dollars per year; the indications offered by Soviet research applicable to defense as well as science. (This last point is of particular interest to the scientific community, and I shall return to it later.) I am also impressed by the sharp reversal, which began in March 1983, of the statements of the Kremlin about defense.

UPI/Bettmann Newsphotos.

Hans Bethe.

Not a Mirror Image

In the United States, it is easy to oppose one's government. In the Soviet Union, it requires great courage. I have never met Andrei Sakharov, but he is one physicist whom I admire greatly, and a man about whom you, Hans, and I can agree.

It is understandable that Sakharov should write about peace and freedom.

> I am convinced that international trust, mutual understanding, disarmament, and international security are inconceivable without an open society with freedom of information, freedom of conscience, the right to publish, and the right to travel and choose the country in which one wishes to live.

Sakharov speaks from experience. His comment about the arms race is remarkable.

> While nuclear weapons exist, it is also necessary to have strategic parity in relation to those variants of limited or regional nuclear warfare which a potential enemy could impose. . . . If the probability of such an outcome (an all-out nuclear war) could be reduced at the cost of another 10 or 15 years of the arms race, then perhaps that price must be paid.

There is an interesting scientific question connected with Sakharov. In the 1950s, he proposed that high inten-

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sity magnetic fields could be produced by compressing a magnetized region with a converging shock. In 1967, while still working with nuclear explosives, he co-authored a paper in which he claimed the production of a 25 million gauss magnetic field. This is a field strength where energy density far surpasses that of any high explosive.

You came to Livermore to look into the feasibility of the x-ray laser. You declared that great progress had been made. Yet now you are at the core of a vocal movement of scientists against SDI.

Using high explosives, we were unable to produce such strong fields. It is entirely possible that the Soviets got their results with the help of low-yield nuclear explosives. Sudden production of such strong fields have applications in converting properly packaged nuclear explosive energy into electromagnetic energy. This in turn may be important in strategic defense.

In August 1986, two Soviet scientists, Vladimir Fortov and Georgi Kobzev, visited Livermore Laboratory. They had much to say that was of real interest. They brought pictures of Halley's Comet, reported on experiments with rail guns (which can accelerate small objects to high velocities), and showed us measurements of the properties of materials at extremely high atmospheres. How did they obtain the high pressures? They stated that nuclear explosives were used. Published Soviet experimental results on the behavior of material extend to pressures more than 50 times higher (four billion atmospheres) than ours. If we cooperate with the Soviets, we shall, at least in this respect, be on the receiving end of technology transfer.

While there are many excellent Soviet scientists, I would find it a particular pleasure to cooperate with Sakharov. Such collaboration would make good sense in pure science. It would make good sense in scientific applications of nuclear energy. And it would make good sense in developing the principles of defensive measures. Soviet scientists do not seem to have shied away from work on any of these subjects.

Criticism by Scientists

Everyone has a responsibility to avert war as best he can. Scientists also have a special responsibility to support science. Scientists will help science if they criticize SDI from a technical point of view in the fields in which they are experts. Such criticism will also help SDI. Whatever strategic defense can accomplish, the result will be improved by technical discussion. In a quiet way, I have even contributed to criticism myself. I hope it was constructive.

Some examples may remind you of how many different approaches there are to SDI. A substantial effort has been spent on the development of a beam of well-directed hydrogen atoms. Such a beam has been suggested as a means to discriminate approaching massive objects from light decoys. The former would remit intense radiation that could be sensed from a distance. The accelerator would have to be pre-deployed or popped up when the attack is underway. (I prefer the latter.)

This would obviously be an extremely difficult undertaking. In order to accomplish it, accelerators must be made smaller, lighter, and less expensive. Some real progress has been made. Any success will benefit high energy physics. (Incidentally, the relevant methods of forming a beam of hydrogen particles came from the open Soviet literature. For a while, no further developments were published. When the Los Alamos National Laboratory began work on the subject, the scientists there received urgent inquiries from the Soviet Union.)

Space will play an important role in providing early warning of an attack. Much needs to be done to ensure the survival of observation satellites. There is a technical approach to accomplish this and to make progress toward the difficult problem of space defense.

I do not consider the space shield as the substance of SDI. But we can find ways to cut down on the cost of placing objects in orbit. One is the possibility of a transatmospheric plane that takes off from the ground and flies out into space. (And if need be, back again). The feasibility depends on the development of lightweight, heat-resistant materials. Both the research and the eventual result would greatly benefit transportation and science.

Lasers are among the most serious candidates in SDI. They open up great possibilities in observation and discrimination as well in the use of high intensity beams against objects in space or coming from space. There are complex problems connected with lasers, one of which is the penetration of laser beams through the atmosphere. This is connected with a highly interesting modern development, the fact that two rays of light interact when their intensity is high enough. A truly outstanding Soviet scientist, Boris Zel'dovich, described his original work in this new branch of optics in the December 1985 issue of *Scientific American*. His father, the famous Russian theorist, Yacob Zel'dovich, worked on the Soviet atomic bomb during World War II. His son appears to continue to work on Soviet defense as well as on science.

In my opinion, the greatest progress in the postwar period is the development of computers. Today they are used in medicine, for measuring the distance to the moon, for determining the structure of complex molecules, and for aiming high energy particles to collide with each other. My grandchildren play with computers. Progress in computer programming will affect science, industry, and the fabric of our society.

Computers will, of course, make a contribution to defense when fast and complicated decisions are involved. We need not worry about leaving some decisions about defense to computers. If computers had to decide about retaliation, I should indeed be worried. But shooting at approaching missiles is hardly provocative.

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I have mentioned a few examples where technical contributions by various scientists in the way of criticisms or suggestions could be of great value. I want to end with a specific problem that you and I have discussed before. It is an exciting, important, and, at he same time, most difficult problem: the x-ray laser.

You expressed serious and justified doubts about the feasibility and effectiveness of the x-ray laser. You came to Livermore to look into the complex and highly classified details of the problem. You declared that great progress had been made and acknowledged that fact in a letter. The x-ray laser that my colleagues have produced is truly innovative. Because it is a thoroughly novel development, I cannot judge whether its importance in defense will be great or whether it will be important only in science. The original idea came from the open Soviet literature, and we have numerous indications of continuing Soviet interest, perhaps even Soviet success.

As for my own activities, I have followed, discussed, and even worked on a variety of the possible defense measures during the last 30 years, at first with a lot of doubt, later in growing confidence. Increasingly I have tended to believe in deterrence through defense rather than through retaliation.

I have not tried to make a political issue of defense. President Reagan's announcement of the strategic defense initiative on March 23, 1983, took me by surprise. I had conferred with his advisers on technical issues. I am deeply grateful that an American President has set the goal of defense for the safety of the people. I am particularly grateful that he has recognized that such defense can only work on an international scale.

On three different occasions, I have tried to interest you in three very different subjects. The first was in 1938, when I invited you to a small conference at George Washington University on the energy sources of the sun. You were reluctant, but in the end you came. The result was your great contribution to astrophysics.

If scientists are not interested in SDI, this certainly will have consequences both for science and also for our political future.

The second occasion, as I have mentioned, was in 1949, when I asked you to take over the leadership of the hydrogen bomb program. You did not accept, but a couple of years later, after having argued against the feasibility of the program, you acknowledged its worth.

In the spring of 1985, you visited Livermore to look into the x-ray laser. This discussion and a follow-up a year later clarified to our mutual satisfaction the technical issues. There was, of course, no time or possibility to give a technical review of the whole SDI effort.

Now you are at the core of an increasingly vocal movement of scientists against SDI. I am writing this letter in the hope that you and others may find some way to move from polemic debate and confrontation toward technical criticism, understanding, and cooperation.

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The Tax Capitalization Hypothesis

Is This the Way Supply-Side Economics Works?

Warren Brookes

Over the past decade, supply-side economists have faced increasing skepticism about the robustness of their theory of the connection between taxes and economic growth.

This skepticism was heightened by the experience of the last four years in the United States. Massive tax cuts seemed to generate little more than the normal rates of economic growth expected for recovery periods.

In response, supply-siders argue that extremely unstable monetary policy and historically high real interest rates have discouraged growth, and that the 1982 TEFRA (Tax Equity and Fairness Revenue Act) and the 1984 DEFRA (Deficit Reduction Act) bills repealed most of the capital formation incentives of the 1981 Reagan tax cut bill.

More recently, the supply-side movement has been divided in the tax-reform debate between those who emphasize complex analyses of the tax cost of capital, and those preoccupied with individual marginal tax rates.

Since I am not a trained economist, but rather a journalist specializing in this field, I tend to judge these debates on a simple empirical basis. I try to look at what actually happens in different nations with different tax policies. In particular, I examine the American experience at the state and local level, where wide variations in tax rates, tax burdens, and tax policy can be compared against a consistent and common federal taxation background.

It was at the state level that I first came across a simple principle that explains precisely how and why taxes affect economic growth, and why relatively modest changes in tax rates make such a difference.

This principle is called "tax capitalization," and it is well known to certified public accountants and real estate investors, but surprisingly unkown by its accounting name to trained economists. Tax capitalization states that every dollar of tax on a piece of property reduces the capitalized value of that property by a multiple of the reciprocal of the mortgage rate. At current mortgage rates around 10 percent, this means that every dollar of tax lowers the value of property by about $10.

To understand how "tax capitalization" works, suppose you buy a home for $100,000, on which the taxes are $2,000, and the mortgage interest rate is 10 percent. Your annual costs of owning the home are $10,000 in interest on the capital (either paid to the bank for your loan, or foregone as the result of your cash down payment), plus $2,000 in taxes, or $12,000 a year. That annual ownership cost, according to realtors, determines the real market price of the home. If there were no taxes to pay, that $12,000 annual payment cost could support $120,000 in 10 percent capital, which means that the real, untaxed value of the home is $120,000.

Thus the $2,000 tax burden has reduced the market value of that house by $20,000, or 10 to one. By inversion, we can say that every dollar in lower taxes would "create" $10 in new market value.

Some of the biggest local political scandals in America, including one in Chicago's Cook County in 1983, have been based on this principle. These scandals have involved the manipulation of property values simply by raising or lowering tax assessments.

For example, lawyers working in cahoots with local assessors would aggressively depreciate the value of a property at a ratio of 10 to one by raising its tax assessment. When the value was sufficiently depressed, they would then use blind real estate trusts to buy the property at bargain basement prices.

Then they would go to their friendly appellate court judge and get the tax assessment abated, which automatically increased the value of the property, again at a 10 to one ratio. Prosecutors have proved the illicit gains of tens of millions made by skillful tax abatement lawyers working with less than honest appellate magistrates and judges, and using "tax capitalization" as their weapon.

Now if you understand this you will know precisely why both California and more recently Massachusetts, both enjoyed very substantial economic booms when they massively lowered the average tax rates on property.

Warren Brookes *writes an economics column for the* Detroit News, *and is syndicated nationally by the Heritage Features Syndicate. This article is adapted from a presentation made to the London Conference on Taxes and Growth conducted by the Manhattan Institute and the Adam Smith Institute.*

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Last July, a national news story reported that the fastest growing real estate market in the United States was the once moribund, economically depressed Boston metropolitan area, where property values rose in 1985 by an astonishing 31 percent. At the same time, the Massachusetts Revenue Department announced that the state's total equalized market values had risen more than 40 percent in the last two years, reaching an all-time high of $217 billion in 1985, up an incredible 142 percent over the last five years, nearly 87 percent and $90 billion over and above normal real estate inflation.

These numbers were no lucky accident for the people of the Bay State. They were the direct result of a purposeful decision made by referendum vote, in November 1980, to slash their highest in the nation property tax rates by about 40 percent. The people of Massachussetts were warned by all leaders of both parties, including the current governor, Michael Dukakis, by the *Boston Globe*, and by most of the business community (aside from the newer high-tech industries) that this was a "dangerous" and "radical" step that could "decimate public services," and ruin the state's economy. It was widely predicted that property tax income would be cut from $3.4 billion to $2.2 billion.

Fortunately, the referendum carried 59 to 41 percent, and the once stagnant Massachusetts economy was transformed into today's hot market. The state's personal income, third slowest growing in the nation from 1975 to 1978, became the third fastest growing from 1982 to 1985.

Those who opposed this referendum would now have you believe that this transformation would have happened anyway, because of the state's burgeoning high-tech industry. There are two problems with that explanation. First, Massachusetts has always had a strong high-tech industry, especially during the 1970s when the state economy was falling off the cliff. Second, manufacturing jobs in Massachusetts, including high-tech jobs, are actually down 7.4 percent since 1984, the worst industrial loss for any major state in the nation. (During the same period, sluggish Michigan gained four percent in manufacturing jobs, and the United States lost only 1.8 percent.)

What turned Massachusetts around was not any "high tech boom" or "industrial policy" initiatives by Governor Dukakis. It was the rejuvenation of its dying property value base which had long been depressed by excessively high real estate taxes. Even the *Boston Globe* now admits that Proposition 2½ was "the main factor" in the revitalization of a stagnant and stalled economy. "What is responsible for the state's amazing turnaround?" the *Globe* asked in an article last June. "Would you believe Proposition 2½?" University of Massachusetts journalism professor Ralph Whitehead, Jr. (a liberal adviser to Dukakis) was quoted: "Massachusetts has a dirty little secret. Without [Proposition] 2½ . . . we would be on our way to becoming a banana republic."

The *Globe* article explained that during the 1970s, "The worst political problem for businesses considering relocation or expansion here was the perception of the state as 'Taxachusetts.' In 1979, Massachusetts' so-called revenue [tax] burden was the 10th highest in the U.S."

Proposition 2½ changed all that. Along with tough spending constraints set by a conservative Democrat, Governor Edward King (who was elected on a tax-cutting platform in 1978), it cut the state's tax burden by 17 percent, from 11 percent above the national average to its current level nearly five percent below.

The effects of the tax cut on the economy were immediate. Real estate values, which had been depressed by a 4.4 percent property tax burden, suddenly began to soar at a 15 percent annual inflation-adjusted rate.

It is instructive to compare the impact of Proposition 2½ on Massachusetts with the effect of a soaring property tax burden on the state of Michigan. During the 1970s, total Massachusetts equalized property values (E.Q.V.s) in constant dollars fell about three percent, while Michigan's remained flat. Both had very high and rising property tax rates. But the moment Proposition 2½ was passed, Massachusetts market values began to soar, while in Michigan, where property taxes continued to rise, real E.Q.V.s fell by about four percent from 1980 to 1985.

This huge infusion of new property wealth into the Massachusetts property economy had totally predictable economic results. Over the next five years, through June

Payroll Job Growth Comparisons 1980-1986 (June)

	Massachusetts	Michigan	U.S.
Total	13.4%	4.2%	10.3%
Manufacturing	-5.3%	-2.3%	-5.3%
Construction	67.7%	2.7%	14.5%
Finance & Real Estate	27.0%	8.9%	23.4%
Trade (whl-retail)	25.4%	10.2%	16.6%
Services	27.4%	20.5%	28.2%
Government	-6.1%	-7.7%	2.7%

Source: Bureau of Labor Statistics

Graph by Karen Portik.

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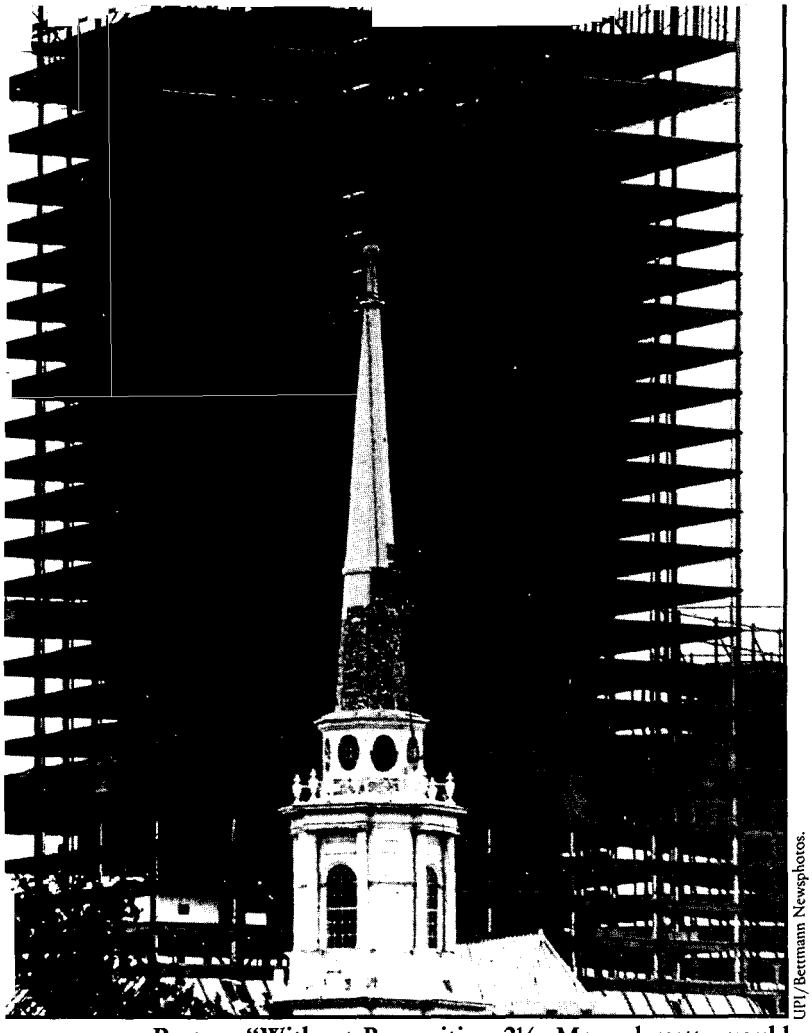

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Boston: "Without Proposition 2½, Massachusetts would be on the way to becoming a banana republic."

1986, construction employment soared by 68 percent, nearly five times the national rise of 14.5 percent. Real estate and finance employment rose nearly 10 percent faster than the nation, and retail and wholesale trade employment rose 15 percent faster.

Meanwhile, Michigan, with its high property tax burden, saw its construction industry go into the tank, with employment in that sector rising only three percent, or less than one quarter the national rate. Massachusetts, with 40 percent fewer people, is now employing more construction workers than Michigan is. Michigan's real estate and finance industry are similarly stagnant, in spite of strong manufacturing performance.

Instead of falling by a third as predicted by the opponents of Proposition 2½, property tax collections in Massachusetts never fell more than $460 million from their pre-1981 high of $3.4 billion. Today, in a perfect example of the Laffer curve at work, collections are eight percent higher than they were in 1980, while rates are 55 percent lower (down to $16.50 per $1,000 from their once stratospheric $44).

But the effects of the Laffer curve are not limited to property tax collections. Ten years ago, Massachusetts faced an annual budget deficit of $1 billion. Today, with a 17 percent cut in its total tax burden, Massachusetts is now generating enormous budget surpluses—nearly $1 billion over the last three fiscal years. It has just voted to repeal a $270 million income surtax.

The reason for this fiscal health is simple: the addition of $90 billion in real personal wealth as the result of tax capitalization had an immediate impact on personal income. After falling from 110 percent of the national average in 1972 (when the Massachusetts tax burden was slightly below the nation's) to 102 percent in 1978-79 (when its tax burden was 12 percent above the nation), personal income in the Bay State returned by 1985 to a level nearly 18 percent above the national average.

In short, the Laffer curve has worked as predicted in Massachusetts. Lower tax rates generated so much new economic wealth and growth that budget surpluses became the rule in a state that 10 years ago faced a $1 billion budget deficit.

Boston v. Detroit

For a "micro" look at tax capitalization, compare what happened in Boston with what happened in Detroit. As the table below shows, Proposition 2½ forced Boston to cut its colossally high $82.70 per $1,000 tax rate on property ($56.90 on residential property) to $25 per $1,000 within three years.

Naysayers warned this would cut the city's 1981 tax revenue base from a statutory (but never realized) $514 million to $155 million. Instead, the city's equalized value base surged by 49 percent from 1980 to 1982 (partly as a result of a statewide revaluation in 1981-82 to full market value) and then soared by 210 percent over the next five years. Tax capitalization led to a massive $17 billion infusion of new wealth into the city's economy since 1982, nearly $30,000 per capita.

By contrast, Detroit now has the second highest property taxes in the nation and one of the three highest total tax burdens. Its already depressed downtown has fallen even further downhill, with total real estate values falling by about 25 percent when adjusted for inflation.

Detroit's downtown deterioration is often blamed on a population that is now over 60 percent minority, but it was once closer to the 30 percent minority levels of Boston. Total population fell from 1,514,000 in 1970 to 1,203,000

Property Tax History Boston vs. Detroit

	Values and Taxes Total Equity	Total Taxes	Tax Rates Fair Market Rate/$1000 Total	Residential
1980				
Boston	$5,239.0 M	$433.3 M	$82.71	$56.90
Detroit	$10,422.6	387.4	37.16	36.74
1982				
Boston	7,810.0	440.7	78.10	38.65
Detroit	10,728.0	416.3	38.80	36.08
1984				
Boston	13,951.0	333.3	23.90	21.47
Detroit	10,542.0	409.4	38.84	37.60
1986				
Boston	20,249.0	394.6	19.49	13.46
Detroit	10,460.0	409.1	39.06	38.02
1987(Projected)				
Boston	24,415.0	455.0	18.64	12.87
Detroit	10,410.0	408.5	39.24	38.20
% change since 1980-87				
Boston	366.0%	+5.1%	-77.5%	-77.4%
Detroit	-0.1%	+5.5%	+5.2%	+3.6%

Sources: Massachusetts Dept of Rev, Michigan Dept of Rev, Detroit/Boston City Budgets

Graph by Karen Portik.

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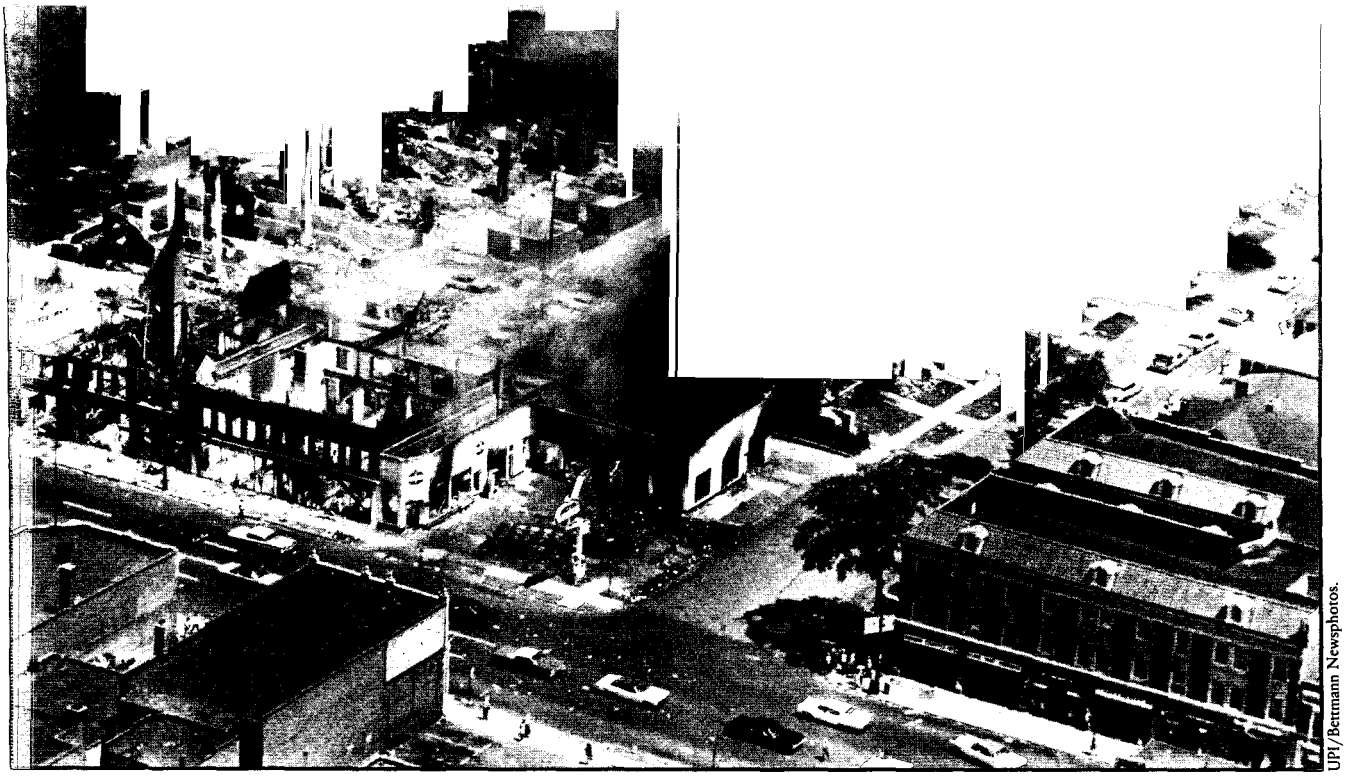

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Detroit has the second highest property taxes in the nation—but falling revenue and a declining downtown.

in 1980 and less than 1,050,000 in 1985. Was it merely "middle class flight" that hurt Detroit's property values, or did its high tax burdens promote that flight?

During the high-tax 1970s, Boston experienced a similar flight. Its population dropped from 641,000 to 563,000, in spite of massive "urban renewal" in the downtown area. But the movement of middle class whites has reversed since 1982, with total population pushing back up to nearly 580,000 in 1985.

The woes of the auto industry are part of Detroit's problem, of course. But all three U.S. auto companies have been increasing their employment in lower-taxed states such as New Jersey, California, Ohio, Tennessee, and Texas, even as Michigan's and Detroit's auto employment have been slashed. With different tax policies, Detroit's auto workers probably would have fared much better.

Meanwhile, as a result of its own tax-cut inspired boom, Boston now brings in five percent more revenues from property taxes than it did in 1980, at rates that are 77 percent lower. With other tax revenues soaring from an expanding economy, it ran a budget surplus in 1986 for the first time in nearly 20 years!

During the last year, the Proposition 2½ real estate-based boom has finally run its course. With Governor Dukakis massively increasing state spending at triple the inflation rate (26 percent real growth from fiscal 1983 to 1987), and with the 1986 tax burden now estimated to have risen sharply for the first time since 1977, the state's economy has suddenly and alarmingly flattened out in both income and jobs.

How to Depress Wages

It may be useful exploring whether the experience of "tax capitalization" in Massachusetts applies to other forms of taxation as well. Every dollar of private sector cash flow expense, whether for property costs or labor costs or material costs or borrowing costs, implicitly has to be backed up by working or fixed capital at a ratio based on the interest rate or the rate of return on capital. So tax capitalization may have a similar effect on other forms of capital besides real estate values.

For example, tax capitalization appears to explain why rapidly rising Social Security payroll taxes since 1970 have come mostly out of the pay of the workers themselves. This loss of pay can take the form of fewer wage increases. Or it can involve the replacement of high-priced labor by lower-priced labor and physical capital, for example, the use of computers to shift typesetting from $600 per week compositors to $280 per week word processors.

It is no accident that the 485 percent increase in Social Security tax receipts since 1970 has been accompanied by a steady drop of eight percent in real average wages per worker, as more and more of each job's rising "capitalized cost" has gone to support payroll taxes. The decline in real wages was sharpest from 1979 to 1982, when the massive tax increases of the 1977 Social Security law were put into effect. A similar flattening of real wages in 1986 has resulted from implementation of the 1983 law.

If the principle of tax capitalization applies, then every time Social Security taxes have risen one dollar, the working capital costs of each job to the employer have risen $10. So even as workers sought raises to compensate for higher payroll taxes, employers have been forced to fight back with lower pay (through fewer raises, and more machinery substitution) to offset this tax capitalization.

It is, after all, cheaper to employ a $250,000 robot who carries no payroll tax and pension costs than a $25,000 worker who does. Since 1970, Social Security payroll taxes rose from a maximum of $374 ($748 if you include the employer's contribution) a year to the current maximum of $2,800 ($5,600), or from 4.8 percent (9.6 percent) to 7.1 percent (14.2 percent) of earnings. As total payroll costs have soared, more of these costs have gone into tax capitalization, thus reducing the working capital available to support actual pay levels.

This is why since 1970, even though U.S. employers'

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average total compensation costs rose 215 percent, the employees' actual wages rose only 155 percent. Even as real compensation costs to employers rose eight percent, real weekly wages fell eight percent, as more and more real wage value got "tax capitalized" away.

Model for Job Creation

The same analysis may help explain why any tax reduction has to have an immediate stimulative effect on any economy, and why any tax increase has an immediate depressive effect, by a ratio of about 10 to one, under current interest rate conditions. This is not, as widely supposed, the "Keynesian effect" of increasing or decreasing consumer demand, but the supply-side impact on the capital value base of the country.

Thus a $30 billion tax increase costs the economy $300 billion in lost capitalized asset value, while a $30 billion tax cut immediately "creates" or "releases" $300 billion in new capitalized asset value. In 1982, Senator Robert Dole's TEFRA bill raised taxes implicitly by a grand total of $93 billion over three years. But that was a total of $930 billion in reduced working capital to the nation, or the equivalent of 2.3 million jobs. This represents the full difference between the seven percent unemployment we have now, and the five percent we should have.

Real economic growth is, after all, nothing more than the rise in total national (capitalized) wealth, so tax capitalization should explain most national growth rate variations. This principle is well supported by Bruce Bartlett and Alvin Rabushka's seminal study of 109 countries, *Tax Policy and Economic Growth in Developing Nations,* which shows that nations with high and/or rising taxes have slow economic growth (i.e., asset depreciation) while countries with low and/or falling tax burdens have very rapid growth (asset appreciation).

Tax capitalization would almost certainly seem to explain the appallingly bad employment performance of most European governments, especially the United Kingdom and France. From 1979 to 1984, the U.K.'s basic tax burden rose by 5.6 percentage points of its gross national product, the equivalent of about $25 billion a year in added tax costs.

Under tax capitalization law, this $25 billion higher tax burden cut the effective value of the U.K.'s capital stock by about $250 billion, the equivalent of nearly a million new jobs a year. This alone would account for the full difference between 13 percent unemployment and the seven percent Margaret Thatcher inherited in 1979.

During a period when the United States created nearly 11 million new jobs while its tax burden was falling, the U.K. has actually lost nearly a quarter of a million jobs. While the U.S. unemployment rate fell from 7.6 to 7.0 percent, the U.K.'s unemployment rose from 6.8 to 13.5 percent. While the United States now employs almost 61 percent of its adult population (an all-time record) the U.K. now employs about 54 percent.

This same pattern of soaring tax burdens and rising unemployment levels holds true of Germany, France, Canada, Italy, the Netherlands, Sweden, virtually all of the high-tax European social welfare states.

It seems no accident that the two fastest job-creating nations, Japan and the United States, now have tax burdens 11 and 9.5 full percentage points of G.N.P. below Great Britain. The differences are even greater with the rest of Europe.

In "tax capitalization" terms, that means $3.8 trillion more in current relative capital stock for the United States, and nearly $2 trillion more for Japan. Those are not small numbers. They may explain why the United States has created 90 percent of all the new jobs created by the 10 leading industrial democracies of the world since 1980. In fact, because the U.S. tax burden has actually been falling while Japan's has been rising rather rapidly, albeit from a much lower base, the United States has been a better job creator by double than Japan has.

Tax Capitalization and the Reagan Tax Cuts

This remarkable job creation, along with massive gains in basic capital equity in the United States, would seem to settle the debate over the 1981 Reagan tax cuts. On net,

Tax Burdens (as % of GNP) Versus Job Growth

	1979	1980	1984	% Change	1980-85% Job Growth	1985 Unemp%
U.K.	32.88	35.33	38.51	17.1	-1.0	13.5
Germany	37.69	38.00	37.73	0.1	-1.9	9.3
France	41.08	42.53	45.49	10.7	-2.0	10.5
Canada	31.05	32.05	33.72	8.6	-2.5	10.4
Japan	24.43	25.45	27.38	12.1	+4.0	2.6
U.S.A.	29.91	30.35	28.99	-3.1	+8.2	7.1

Source: Organization for Economic Cooperation and Development

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those tax cuts reduced the federal revenue share of G.N.P. by about 2.3 percentage points from 20.9 percent in calendar 1981 down to an estimated 18.6 percent in both fiscal and calendar 1985.

This follows a 1.7 percentage point run-up from 19.2 percent in 1970 to 20.9 percent in 1981. Since all of these rises and falls took place in income and/or payroll taxes, if "tax capitalization" holds true, then the real market value of the corporate equities that undergird income and payrolls should have gone down, and then back up by a tenfold multiple of these constant G.N.P. tax burdens.

The 1.7 percent rise in tax share of G.N.P. means that in 1981, $55.2 billion more (measured in constant 1982 dollars) went to federal taxes than would have been the case if taxes had remained at the 1970 level. This would be the equivalent, on a 10-to-one ratio, of some $552 billion in lost capitalized corporate equity. The Federal Reserve Flow of Funds Analysis shows that between 1970 and 1981, the total value of corporate equities fell from $2.246 trillion to $1.592 trillion, a loss of $654 billion (in 1982 dollars). This is a ratio of 11.8 to one on the actual tax-level increase, not too bad a "fit" with what would be predicted by the tax capitalization hypothesis.

The "fit" is exactly the same from 1981 to 1985. The 2.3 point reduction in federal tax share of G.N.P., from 20.9 percent down to 18.6 percent, means $84 billion less in taxes was collected in 1985 than would have been the case at the 1981 tax level. (Again, measurements are in 1982 dollars.)

The 1985 Federal Flow of Funds Analysis shows a total value for corporate equities of $2.568 trillion (in constant 1982 dollars) up from $1.592 trillion in in 1981. So, since 1981, total corporate equity has risen about $976 billion, or a multiple of 11.8 to one on the $84 billion effective tax reduction, identical to the 1970-81 experience, but in the opposite direction.

I do not pretend to suggest that these numbers would hold up this tightly under more careful statistical regressions by trained economists. But, at least empirically, they suggest why the Reagan tax cuts have coincided with, and perhaps generated, one of the nation's greatest bull markets in history.

Federal Tax Burdens and Corporate Equity
1970 - 1985 in Billions of Constant 1982 Dollars

	Corporate Equity	Fed Rev % of GNP	Fed Rev
1970	$2,246	19.2%	$465.2
1978	1,833	19.6%	611.3
1981	1,592	20.9%	680.3
1983	2,085	19.3%	634.0
1985	2,568	18.6%	657.2
Absolute Changes			
1970-1981	-654	+1.7%	215.1
1981-1985	+976	-2.3%	-23.1
Relative % Changes			
1970-1981	-29.1%	+9%	47.9%
1981-1985	+61.1%	-6%	-3.4%

Sources: Federal Flow of Funds Analysis, Office of Management and Budget, Using 1982 GNP Deflator

Graph by Karen Portik.

They also suggest how quickly that current bull market could reverse itself the moment Congress raised taxes. If, for example, it were to raise them by one percent of G.N.P., or about $40 billion, empirical evidence would suggest that you could look for a $400 billion fairly immediate decline in equities or a 14 percent drop in total stock values—or the equivalent of a 270 to 300 point drop in the Dow Jones.

This may seem wild, but when we review the experiences in individual states, it does not in any way seem fanciful. At least from a trend standpoint, tax capitalization appears to explain what has happened in the national equity markets in much the same way it predicted what happened in Massachusetts.

Unfortunately, both the American and European media have been actively "disinforming" their public on this is-

Total State and Local Tax Burden as % of Income by Family Income Level

		25,000	35,000	50,000
Detroit	**1980**	10.6%	10.6%	10.4%
	1984	12.3%	12.5%	12.6%
Boston	**1980**	16.1%	16.1%	16.0%
	1984	8.4%	8.7%	9.2%
30-City	**1980**	7.3%	7.4%	7.4%
Median	**1984**	8.0%	8.1%	8.4%

Source: U.S. Statistical Abstracts 1982-1986

Graph by Karen Portik.

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State and Local Revenue Burden as % of Income 1978 - 1985

	California	Massachusetts	All States
1978	19.2%	17.6%	16.2%
1980	16.1%	16.6%	15.5%
1982	15.4%	15.1%	15.4%
1983	14.8%	14.7%	15.4%
1985	14.7%	14.6%	15.3%
Trend	-23.5%	-17.1%	-5.6%

Source: U.S. Census Bureau--Commerce Department

Graph by Karen Portik.

sue. Last July, in London's *Financial Times,* Philip Stephens took a sour look at California's Proposition 13 eight years later, a look drawn almost entirely from an equally negative survey by Robert Kuttner in *The New Republic.* He concluded that "overall, there has certainly been no supply-side miracle here."

But both Stephens and Kuttner conveniently ignored economic facts: since 1978 (through June 1986), California's employment has soared 22 percent, or nearly 50 percent faster than the nation, as two million new jobs have been added to that state's booming economy, with a heady 62.4 percent employment ratio, 1.6 points above the U.S. average and 1.5 points ahead of Japan!

While U.S. real personal income has risen 12 percent since 1980, California's real personal income has risen nearly 18 percent , also nearly 50 percent faster than the nation. And why not? Since 1978, as a result of the $6 billion property tax cut under Proposition 13, California cut its third-highest in the nation tax burden from 19.2 percent of income down to 14.7 percent in 1984, a 23 percent drop. Its tax burden is now five percent below the national average.

What we have learned in California and Massachusetts is that taxes and tax rates do have an immediate and powerful multiplier effect on that element that is so fundamental to economic growth, the value of capital in whatever form it is being taxed, whether it is working capital for jobs, or asset capital in property, or capital for the building of plants and buying of equipment.

We are not dealing with some hopeful graph sketched on a napkin. We are talking about a simple and demonstrable accounting tautology, namely that every dollar in tax requires the diversion of about $10 in capital away from supporting economic growth.

Unless government can prove that this diversion creates new capital wealth of its own (which it sometimes does in the form of roads, sewers, schools, and so on), it must accept the fact that it is destroying a like amount of the people's economic wealth and well-being. This is not theory. It is basic law, which Chief Justice John Marshall first enunciated in 1819 in *McCulloch v. Maryland.* Marshall wrote that "The power to tax is the power to destroy." And, we might add, at a roughly 10-to-one ratio of "destruction."

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MEXICO, LAND OF OPPORTUNITY

Will Its Leaders Be Worthy of Its People?

JOHN A. GAVIN

The crisis in Mexico today is not primarily its staggering debt of $100 billion. Nor is it the precipitous drop in the price of oil. The deeper crisis is that there are Mexicans, from all stations of life, who declare they are losing confidence in their country's political and economic institutions. This crisis can only be overcome if the rulers of Mexico hear the voices of disaffected Mexicans and act on their concerns.

Mexicans are deservedly proud of their country. They are proud of their rich Indian heritage which goes back to a series of fascinating and in some cases very advanced civilizations before the voyages of Columbus. They are proud of the legacy of Spanish Mexico, with its remarkable art and architecture and its long tradition of scholarship, in which Mexico City was an important center of learning long before Harvard was even founded. They are proud of their political heroes—of Benito Juarez, the great 19th century political leader, of Father Hidalgo and Father Morelos, the George Washingtons of their country.

Mexicans are proud, too, of their country's economic achievements in the 20th century. Over the past 60 years, the amalgam of political interests that form the ruling Institutional Revolutionary Party (P.R.I.) has given Mexico stability, and provided the conditions for Mexico to develop—in its own unique manner—from a backward to a considerably advanced nation that today is one of the 15 largest economies in the world. Mexico was the birthplace of the Green Revolution in agriculture. Its postwar economic growth averaged six percent a year, even before the run-up of oil prices in the mid-1970s. Modern Mexico still has pockets of poverty—in fact, some eight to nine million of its 80 million citizens do not even speak Spanish and live outside the modern economy—but its population is industrious and increasingly well educated. Millions of Mexicans have worked their way into the middle class.

This middle class is Mexico's most important resource. It is dynamic, it is quick to learn, it is patriotic. It is capable of building Mexico into a much more prosperous economy than it already is. But many in the Mexican middle class say they are disillusioned and demoralized. Even the Mexican press, although largely corrupted and intimidated, now carries complaints that the political system is slow to adapt to Mexico's new status as a world-class economy, and is, therefore, holding back opportunities for its citizenry. Mexico is suffering an enormous brain drain of citizens who would much prefer to stay in Mexico, but feel they have to come to the United States to work and build up their savings.

Studies have shown that Mexico has experienced a capital flight almost as large as its total foreign debt. As a consequence, contrary to public impression, Mexico can arguably be said to have become a net creditor to the United States in recent years. American commercial banks account for only about a third of Mexico's $100 billion foreign debt. Meanwhile, during the 10 years prior to 1985, Mexicans privately took an estimated $60 billion out of their country into the United States. At least $15 billion of this Mexican flight capital has been identified in American bank accounts, treasury bill holdings, and other liquid assets. The remainder has gone into tangible investments such as condominiums in Colorado and California. Another $8 billion in Mexican flight capital has been identified in Swiss bank accounts. The trail to other "offshore" deposits is quite worn.

The central challenge today for the government of President Miguel de la Madrid is to reverse this capital flight, to create a climate in which Mexican citizens will want to own and hold investments and funds in Mexico instead of abroad. De la Madrid is aware of this challenge. To meet it, he is moving at the pace that he believes possible without destabilizing the system. It is conventional wisdom in Mexico that he has to move carefully: as a prominent Mexican lawyer recently told me, many of the reforms the president wants to make are opposed by leftist elements of the ruling party whose political power and opportunities for patronage and corruption depend on continuance of what de la Madrid and his top advisers have identified as an inefficient system. Other Mexicans say they hope that the assistance funds their country is currently receiving from the International Monetary Fund, the World Bank, and

JOHN A. GAVIN *was U.S. Ambassador to Mexico from 1981 to 1986. He is currently vice president for federal and international affairs at Atlantic Richfield Company.*

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American commercial banks will be used primarily to correct the structural problems of the Mexican economy. Their fear, they allege, is that the funds actually are used to keep the P.R.I. regime in power.

For many years, despite its dynamic growth, Mexico had faced many of the problems of other developing countries: a declining, progressively less efficient rural sector, a need for infrastructure development, massive migration into the cities, bottlenecks in transportation and elsewhere in the economy, and non-competitive manufactured goods produced behind high tariff barriers.

Not only has the state expropriated all the banks, it owns supermarkets and hotels, it refines sugar, it even owned a night club in Mexico City.

The oil boom in the late 1970s temporarily made it seem as if many of these problems could be solved by magic. But the oil dollars were hard to absorb quickly and efficiently, and rather than developing a strong, diverse economy, Mexico developed a vulnerable, inflationary one, heavily dependent on one industry. Mexico borrowed enormously, assuming (with the cooperation of the international banking community) that world oil prices would continue to rise indefinitely and that debt service would therefore be manageable. However, the softening of the world oil market, beginning in 1981, brought home the harsh reality of the problems the country has to resolve.

It would be inappropriate for me, or for any other American, to tell the Mexican government how to run its economy. Mexico is a sovereign nation, and it is up to Mexicans to make their own decisions. But I have had the good fortune to know many intelligent Mexicans over the years, and I have been strongly influenced by their judgment about the measures that will be necessary to bring their country out of its current crisis. These are Mexicans who see their country as a land of extraordinary opportunity, and who want Mexico to win her rightful place as one of the most important and most dynamic nations of the world.

To take advantage of the opportunities that do exist, the Mexican government must create conditions which will develop wealth and jobs. According to private sector estimates within Mexico and U.S. Treasury studies, roughly 70 percent of the Mexican economy is owned or controlled by the state or by P.R.I.-affiliated labor unions. This heavy involvement by government might be appropriate for a backward country that is mobilizing for rapid catch-up development. But it leads to a tremendous waste of resources and loss of flexibility for an economy such as Mexico's which deserves to be in the big leagues.

Mexico has a much higher proportion of state ownership than any successful economy in Western Europe, North America, or East Asia. Not only has the state expropriated all the banks, it owns supermarkets and hotels, it dominates the sale of supplies to agricultural communes, it refines sugar, it even owned, at one point, a night club in Mexico City. In many of these cases, the government assumed ownership of private sector enterprises that had failed. But nowhere in the world does government do these kinds of things well, and the result for Mexico has been inefficiency that it can ill afford. State-owned enterprises can usually be sustained only by massive subsidies that take capital away from more productive uses. The few that are profitable typically are successful only because of destructive restraints on private competition.

The first step in bringing Mexican capital back to Mexico is, therefore, for the state to withdraw from its control of all but the most strategic industries and services. President de la Madrid has already begun this process, closing down an exorbitantly costly steel mill complex, and announcing his intention to close down, merge, or transfer to the private sector some 500 parastatal enterprises. These are painful reforms, and the president deserves admiration for having the strength to embark on them (even though some Mexicans wonder how much genuine privatization will actually take place).

A second set of reforms would be a more coherent and rational approach to infrastructure investments. The government currently brings electric power and water at enormous cost to Mexico City, which it then sells at heavily subsidized prices. It is accused, however, of neglecting to develop road and power networks and the water resources of most of the countryside. Economic activity, many Mexicans complain, is starved of resources in those regions of Mexico where they could be most efficiently used, while the capital city has become a sprawling, virtually unmanageable metropolis of 18 million that can be kept politically quiescent only by the continuation of subsidies such as subway fares lower than the cost of printing tickets for the rides. For Mexicans to bring back their savings and investments to Mexico, they have to have confidence that the resources of their country will be efficiently utilized.

A third step for reversing Mexico's capital flight and brain drain would be to encourage (rather than discourage) foreign investment, including joint ventures. During the 19th century, when the United States was developing most rapidly, foreigners owned 55 percent of our total direct investment. Today foreigners represent 13 to 15 percent of direct investment in the United States, 45 to 50 percent in Canada, and 55 percent in Australia. In Mexico, the figure is a remarkably low 4.2 percent. By severely restricting ownership and investment by foreigners, the Mexican government is limiting opportunities for its own citizens as well as outsiders. It is preventing Mexicans from gaining the jobs, the training, the technology and know-how, and the access to foreign markets that accompanies direct investment.

The issue of foreign investment in Mexico has been a difficult one since the early part of this century. It is inextricably tied to the ideals and mythology of the 1910 revolution. And there are still vocal and powerful groups in Mexico, as there are in other Latin American countries, who believe that foreign companies only exploit Mexico's resources and its people, without providing any domestic

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benefits. These groups are especially worried that Mexico would be overrun by American investors who would turn their country into a colony of the north.

But the current debt crisis should be a reminder that a country can become even more dependent on foreigners by borrowing abroad than it can by permitting foreign investment. Foreign investment means partners rather than creditors. If more foreign capital came into Mexico in the form of equity rather than debt, Mexico would have to worry less about oppressive debt servicing and the vagaries of international interest rates. Besides, there is no reason why foreign investment need be primarily from the United States. Incentives should be provided for Japanese and European firms to bring their skills directly to Mexico.

One thing is clear: keeping out foreign capital keeps out domestic capital as well, and this combination is a recipe for ever worsening unemployment. In 1984, Mexico created 600,000 new jobs while 900,000 new people entered the job market. Without the necessary capital, there is no way that at the end of the century Mexico will be able to provide jobs for the two million people who will be entering the labor force every year.

One area where foreign investment could be especially helpful is in tourism, which has the potential to once again become Mexico's most important foreign exchange earner. Mexico is blessed with two long coastlines of spectacular beaches. Yet, whereas 40 million foreign tourists a year visit Spain, only four million visit Mexico annually. Only 10 percent of American tourists who visit Mexico return, and they frequently complain about slow service, inaccurate bills, and unclean food. The training that might come from stimulating foreign investment in tourist facilities could go a long way toward making a Mexican vacation more attractive.

Constitutional restrictions on foreign ownership of residences are similarly holding back opportunities for Mexicans. What danger would it be to Mexican sovereignty if a million Americans and Europeans bought houses and condominiums in beach and resort areas? They would bring in money, they would create jobs, they would stimulate ancillary services, and they would also encourage foreigners to take a deeper interest in Mexican products.

President de la Madrid, against the fierce resistance of the left in and out of the P.R.I., has begun to move his country away from some of its xenophobic policies. In particular, he has announced that Mexico will be entering into the General Agreement on Tariffs and Trade, and will, therefore, have to gradually lower its own trade barriers. In the short term, this will hurt some private businesses that have depended on protectionism for their profitability: it is not easy for a protected industry to get in step with the rest of the world. In the longer run, the GATT entry is a superb opportunity for Mexican entrepreneurs to take advantage of their country's many human, industrial, and natural resources, not least of which is its proximity to the largest and most open marketplace in the world.

Mexico is already our third largest trading partner. Last year, the United States bought $7 billion in Mexican non-petroleum products—ranging from automobile, bus, and truck engines to fresh vegetables to industrial raw materials such as sulfur and copper. More than 700 *maquiladoras* (in-bond assembly plants) along the United States border employ nearly 300,000 Mexicans in putting together light industrial products for the American market. They show that, as trade barriers come down, Mexican workers and entrepreneurs can compete with the best around the world. But such improvement will require a more aggressive spirit: Taiwan, South Korea, and Singapore, for example, all have offices in Silicon Valley to attract manufacturing-for-export business to their countries. There is no reason Mexico should not do the same.

Uncertain Promise

In my talks with potential investors in Mexico, both domestic and foreign, one thing comes up over and over again, and that is uncertainty: people starting up businesses need a clarification of the rules of the investment game with a minimum of red tape and bureaucratic wrangling. The regulations and laws governing patents, copyrights, and technology do not give enough protection to intellectual property and therefore discourage innovative businesses from locating in Mexico.

Finally, potential investors say an especially serious impediment to growth is what some of them call the "pervasive atmosphere of corruption." This perception makes entrepreneurs feel that it is difficult to make money in Mexico by honest means and tends to drive many away. President de la Madrid promised a campaign of moral renovation. Mexicans, however, are reminded almost every day, that their president's intentions notwithstanding, he has so far not been eminently successful in eliminating corruption from the system.

Voices in and out of Mexico now raise the question whether any of these negative policies and conditions can be changed so long as Mexico remains, in effect, a one-party state. This, again, is a question for Mexicans to decide. It is regrettable, however, that some Mexicans equate opposition to the ruling party with treachery. A Republican administration in the United States would hardly consider it infringement on American sovereignty if the Mexican ambassador were to have dinner with Democrats. Yet while I was ambassador to Mexico, I was frequently accused of interfering in Mexican politics whenever I happened to run into opposition leaders.

The scapegoating of the United States is so prevalent that a "Yanqui" ambassador can hardly escape such scurrilous attacks. A recent series of columns described my alleged conversations (and conspiracies) with the Archbishop of Chihuahua in 1986, prior to the elections in that state. I've never met the gentleman, although I look forward to doing so some day.

It is in the interest of the United States to see a Mexico that is strong, prosperous, and free. The Mexican people have the same objectives. If their economic and political system will respond to their needs, then Mexico will survive its present crisis and enter the 21st century as one of the great nations of the world. I believe the Mexican people have the determination, the pride, and the strength to seize the opportunities before them. We must hope that Mexico's leaders will be worthy of their people. ☎

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Crimes Against Nature

Public Funding of Environmental Destruction

John Baden

This winter, in an ideological throwback to a bygone era, President Reagan's Commission on Americans Outdoors is expected to issue a report calling for federal environmental agencies to spend $35.5 billion through the year 2000 in acquiring new lands. This idea should be discredited by the disastrous environmental record of existing federal land ownership and management. Federal bureaucracies already own 770 million acres of American land, or 33 percent of our nation's territory, including 92 percent of Alaska, 40 percent of California, and half of the Mountain States. And these bureaucracies have failed dismally in their responsibilities as custodians of America's environmental treasures.

Federal management of most of the West dates to the Progressive Era of the late 19th and early 20th centuries. The U.S. Forest Service (1891), the Bureau of Reclamation (1902), and the system of national parks, wilderness areas, and wildlife refuges originating with Yellowstone Park (1872) were established in response to abuses of natural resources that took place during the early development of the West. As poor logging practices caused destructive forest fires, as excessive timbering and poor soil management led to severe erosion, as unrestrained hunting led to the near extinction of species such as the buffalo and antelope, and as economic activity threatened environmental treasures such as Yellowstone, the Progressives argued that conservation and wise resource management were incompatible with private property rights and market exchange based on the individual pursuit of self-interest. According to the Progressives, natural resources could be securely protected only if lands were publicly owned and entrusted to the care of "scientific resource managers" with a long-term view of the public interest.

But as a century of experience demonstrates, the fundamental premise of these Progressive Era institutions was false. The bureaucrats who have run the U.S. Forest Service, the National Park Service, the Bureau of Land Management, and the Bureau of Reclamation have been motivated by self-interest no less than private entrepreneurs. Their goal has been to maximize their organizations' work forces and budgets, especially their discretionary spending authority. In collusion with elected politicians and special interests representing business and labor, the federal land bureaucracies have used taxpayer funds to subsidize economic activity that would never have taken place in the absence of subsidies. Perversely, as a result of public land ownership, American taxpayers have been financing the destruction of environments they increasingly value.

This abuse of natural resources is not primarily the fault of the individuals running the federal land bureaucracies. The problem is with the set of incentives these officials have faced. As has been demonstrated by Professor James Buchanan, winner of the 1986 Nobel Prize for Economics, and by his colleague Gordon Tullock, as well as other political economists of the "public choice" school, the structure of democratic decision-making contains a flaw at least as serious as the "market failures" that are frequently used to justify government programs.

The "iron triangle" of politicians, bureaucrats, and special interests have an incentive to cooperate with each other in concentrating benefits on small, easily identified constituencies while dispersing costs among the general taxpayers, most of whom are unaware of the programs they are financing. Public funding of environmental destruction is therefore the predictable consequence of institutional arrangements that provide opportunities to exploit the federal treasury.

The Log Rollers

Trees like to grow where it is warm, wet, and low. That is why America's best timberland is in the Southeast and the coastal regions of California, Oregon, and Washington State. And it is why there is very little commercially viable timber in most of Alaska or in Rocky Mountain states such as Utah, Colorado, and Wyoming, where it is high, dry, and cold. Yields per acre of lodgepole pine in the Rockies are a small fraction (from one-fifth to one-fiftieth) of that harvested in the Pacific Northwest.

John Baden *is director of the Maguire Oil and Gas Institute at Southern Methodist University, the founder of the Political Economy Research Center in Bozeman, Montana, and chairman of the Foundation for Research on Economics and Environment in Dallas.*

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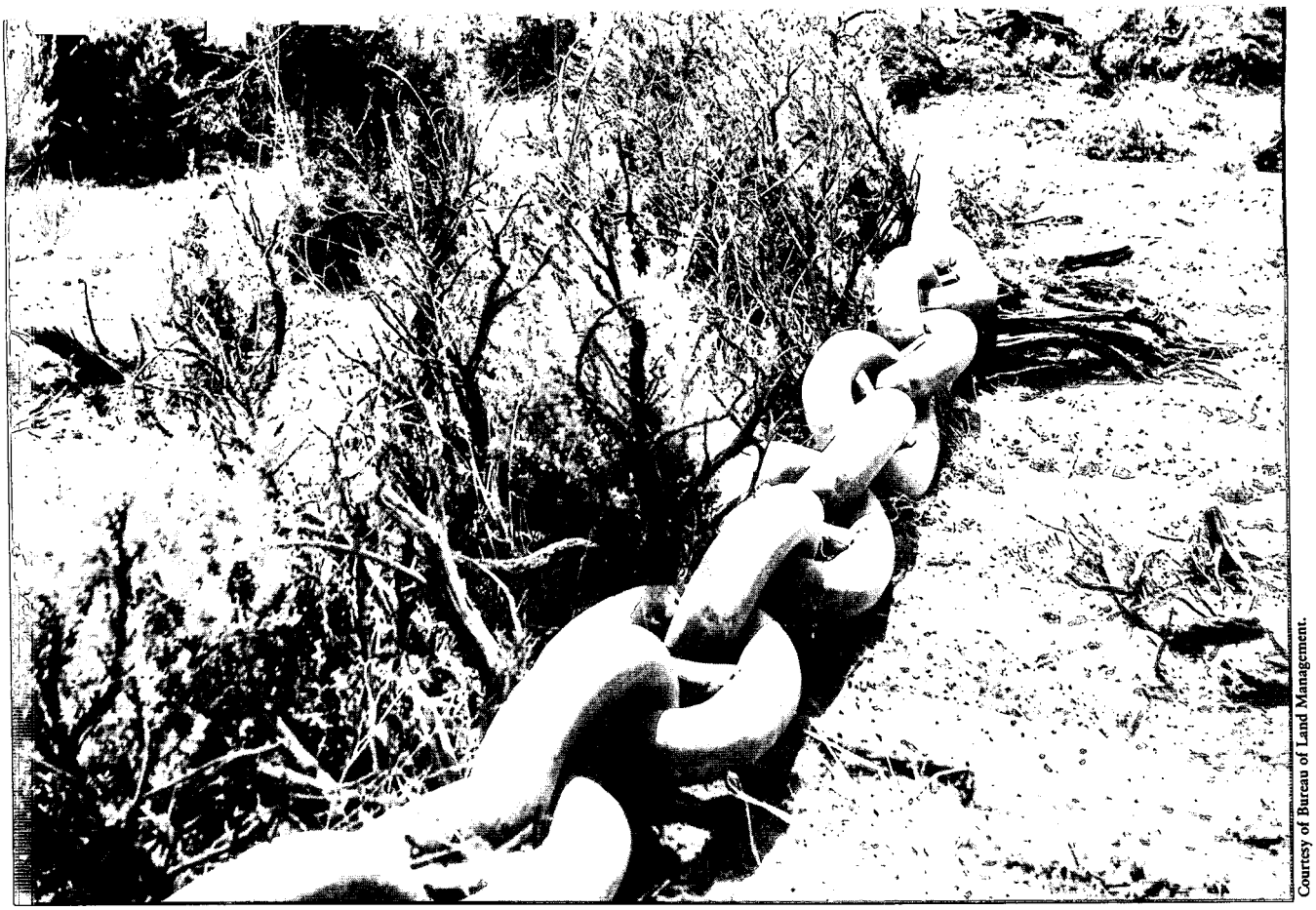

Courtesy of Bureau of Land Management.

These taxpayer-funded chains rip out juniper and pinion trees.

But thanks to the perverse incentives of government bureaucracies, woodlands of the fragile backcountry of the northern Rockies and Alaska are being chopped down at taxpayer expense. Last year, the U.S. Forest Service sold half a billion board feet of timber from Colorado, Wyoming, eastern Montana, and southern Idaho. The federal treasury will collect from these sales less than five percent of the expenses associated with roads, logging, and timber management. In Alaska's Tongass National Forest, the Forest Service is selling for $2 per thousand board feet timber that cost $92 per thousand board feet to manage.

Private companies that behave this way are called bankrupt. They are driven out of the free market economy. But the U.S. Forest Service, with custody over 190 million acres of federal forest and grassland, an area the size of Texas, has access to the pockets of taxpayers. Aside from regeneration, replanting, and bulk disposal fees, the proceeds from timber sales go into the federal treasury rather than its own budget. Thus, the Forest Service has no incentive to charge realistic and efficient prices for its lumber. Instead, in order to maximize its political support and its discretionary budget, it is committing environmental atrocities that never would occur under private ownership.

Initially set up to manage timberlands and protect watersheds, the Forest Service is best understood as the world's largest socialized road building company. Over 340,000 miles of roads have been constructed under its auspices, more than eight times the mileage of the entire U.S. Interstate Highway System. Another 60,000 miles are projected to be built over the next 15 years.

This road-building wins support for the Forest Service from construction interests and their allies in Congress. The timber subsidies win support from the logging companies and employees that benefit. And Forest Service management of timber sales provides well-paying government jobs to mountainous areas with few economic opportunities. It is hardly surprising that western legislators, business and labor interests, and Forest Service bureaucrats collude in appropriating tax dollars for continuation of the programs.

The environmental consequences, however, are severe. To build roads in mountainous terrain, it is necessary to strip rights-of-way of their vegetation, and then move vast quantities of earth in constructing cuts, fills, and switchbacks and installing pipes and culverts. This leads to massive soil erosion, which is worsening over time: as the timber at lower elevations and in easily accessible valleys is harvested, the Forest Service builds its roads on ever higher and steeper slopes, where there is a greater danger of land slides, slumps, sloughs, and earth flows. Some of the northern Rockies' finest trout and salmon rivers, among them the Gallatin and the Salmon, have been severely damaged by siltation (as much as 10 feet in the case of the Salmon) resulting from Forest Service roading and logging.

Reproduction of new trees is often unsuccessful after "clearcutting," a Forest Service practice that removes all trees from an area. By stripping woodlands of cover for animals and plants, clearcutting also lessens their ability to absorb water, thus increasing the spring runoff of melting snow. During the late 1960s, the Forest Service cut wide terraces for replanting after clearcutting in the Sula Ranger District of the Bitterroot National Forest in Montana. Today, only 35 percent of the logged area has been sufficiently replanted, and valuable cover for elk and bear has been lost. Yet the Forest Service has no plans to reduce future timber cuts.

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The greater road access to the backcountry also displaces wildlife, as well as trails for hikers. Forty years ago, the national forest system had 144,000 miles of trails; today it has only 105,000, and the roads that have replaced them have been taken over by motorcycles, snowmobiles, and all-terrain vehicles. Areas of solitude originally intended for hikers, photographers, and hunters have been converted into mechanized recreational areas.

Thanks to the perverse incentives of government, woodlands of the fragile backcountry of the Rockies and Alaska are being cut down at taxpayer expense.

Perhaps the greatest destruction has been in the Tongass National Forest, a 16.4 million acre paradise in southwest Alaska, which holds the earth's last significant stands of Northern Hemisphere virgin rain forest. Giant Sitka spruce up to 800 years old, with diameters up to 10 feet, tower 250 feet in the air. The forest is home to the greatest concentration of bald eagles and grizzly bears left in America. Its waters provide important spawning grounds for salmon. Its moss and lichens on old growth timber are critical to the survival of Sitka black-tailed deer.

Today, thanks to an annual Forest Service subsidy of $50 million, the Tongass National Forest is being cut down at the horrifying rate of 450 million board feet per year. The Forest Service plans to crisscross nearly all of the "suitable timberland" with roads, and to cut down all but 161,000 acres of the ancient groves of Sitka spruce. Siltation caused by the road-building is jeopardizing the region's most important industry, fishing. And the devastation of old-growth timber is destroying habitat for the grizzly. According to the Alaska Department of Fish and Game, it will cause a more than 50 percent decline in the Sitka black-tailed deer population.

If these road building and logging activities served some national economic interest, they would be understandable, if not defensible. It is not unusual to face the difficult choice of balancing environmental and economic goals. Yet in each of the cases described above, the economic costs of securing the timber far exceed any commercial value the timber had. Roads funded at taxpayer expense allowed access to timber that was too sparse, too marginal, or too slow-growing to justify the high price of development.

The Chain Gang

Chaining is a spectacularly ugly way to rid the landscape of trees and brush. Two hundred-thousand-pound D-8 crawler tractors are connected by a 600-foot anchor chain weighing 100 pounds to the link. As the tractors move forward, the chain uproots all trees and shrubs in its path, leaving gaping holes and unsightly tracks. The uprooted trees may then be burned, or simply left to the side of the clearing.

Fortunately, chaining is such an expensive procedure that it is very rarely practiced on privately owned land. Unfortunately, the U.S. Bureau of Land Management (B.L.M.), which maximizes its budget by providing subsidized grazing rights to Western ranchers, faces a different set of incentives than entrepreneurs in the marketplace. The B.L.M. has no incentive to keep costs down, or even to maximize revenues from grazing fees, which go into the overall U.S. Treasury rather than its own coffers. Instead the B.L.M. builds its budget by winning political support from ranchers who then lobby for B.L.M. expenditures.

It builds this support in part by charging less than market rate for grazing rights on public lands. The 20,000 ranchers with access to B.L.M. lands pay from one-tenth to one-fifth the price paid for grazing rights on adjacent or nearby private land.

The B.L.M. also builds support by using tax money to increase the amount of grass on public lands. More grassland means more grazing. More grazing means more political favors to be dispensed by the B.L.M. In the Southwest, trees and shrubs compete with grass for scarce water and nutrients. So, to produce more grass for ranchers, the B.L.M. has used chaining to clear three million acres of pinion and juniper trees. It has then seeded the chained areas with a monoculture of crested wheatgrass, an exotic grass native to eastern Russia.

In their natural state, pinion/juniper woodlands contain more than 20 common shrub species, 14 grasses, and 17 forbs. They provide cover to mule deer, which hesitate to expose themselves in the middle of large clearings.

Chaining destroys this ecological diversity. It also hurts many Native Americans. The traditional Shoshone and Paiute Indians of Nevada remain substantially dependent on the pine nut as a winter food. The gathering, preparation, and trade of this nutritious food are important in the folkways of these Indians. Yet the B.L.M. in Nevada chained some of the best and most accessible pinion stands, an act that seemed a calculated affront to the Indians who live there. Their food supply is being destroyed to accommodate the white men's livestock and the bureaucratic goals of the B.L.M..

Damming Evidence

The Bureau of Reclamation was established in 1902 with the mission of making "the desert bloom as the rose." It has succeeded in this mission, at enormous cost both to taxpayers and to the environment.

The political entrepreneurs in the Bureau of Reclamation, along with the Congressmen from the West, found these projects excellent mechanisms to create millionaires among their constituents and thus generate political support. By providing water to irrigators at extremely low prices, the Bureau was able to convert cheap desert land into some of the world's most productive farmland.

This alchemy made no economic sense. The costs of bringing Western desert into agricultural production were five to 14 times greater than the cost of bringing lands in

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the Southeast into production. The tens of billions of dollars spent by the federal government on irrigation subsidies over the last 80 years have simply aggravated the central problem in American agriculture for most of this century: how to dispose of surpluses.

The Bureau of Reclamation has also sacrificed highly valued environmental resources in order to produce unnecessary agricultural crops. It has interrupted the flow of wild, free-flowing rivers such as the Glen Canyon in Arizona and the Stanislaus and Trinity in California, and damaged the natural habitat of fish and wildlife.

The most dramatic tragedies probably result from the irrigation of the Lahonton Valley in Nevada and the San Joaquin Valley in California. Water for alfalfa and other crops in the Lahontan Valley led to the drying up in 1938 of Winnemucca Lake, once a 25-mile-long paradise for waterfowl on the Pacific Flyway; and to a system of dams and canals on the Carson and Truckee rivers that are depleting Pyramid Lake and the Stillwater National Wildlife Refuge, destroying the spawning grounds of two species of endangered fish, the cui-ui and the Lahontan cutthroat trout. The Stillwater Refuge used to harbor 200,000 ducks, 6,000 geese, and 8,000 tundra swans; but between 1929 and 1980, it lost 68 percent of its marsh habitat.

Similarly, uneconomic irrigation of the San Joaquin Valley led to horrifying birth defects among waterfowl at the Kesterton Reservoir in the spring of 1983. Birds were born with severe deformities, among them grotesquely shaped beaks, missing wings, twisted legs, and unformed skulls. Many died soon after hatching. Apparently selenium, a trace mineral leached from the soil by irrigation water, had entered the food chain in the reservoir. The disaster was a byproduct of the Bureau of Reclamation's effort to provide water to irrigators at only a fraction of the actual cost. It most likely would not have occurred if the corporate farms of the valley had to pay the market cost for their water.

Bound to Fail

Currently the federal government owns about one-third of the land in the United States, and state and local governments own another nine percent. The rest is privately owned. On privately owned land, however, people are not free to do whatever they feel like doing. We cannot dump hazardous waste in our neighbor's backyard. We cannot burn large quantities of sulphur-producing coal in our own backyard. These and other restrictions on the use of private property are there, in part, because of a national desire to have clean air, clean water, and other environmental amenities. In imposing these restricitons, government is serving as a rule-making body, while the resources remain in private hands.

The rules that government imposes in order to promote environmental amenities are never perfect. Once government begins to legislate, there will always be scores of special interests pulling and tugging in various directions in the hopes that the new legislation will confer on them an advantage. Because of these special interests, the rules we have governing automobile emissions controls and sulphur emissions are much more costly than they need be. The current rules are in place, not because they are the best rules, but because special interest pressures always distort the legislative process.

When government begins to own, manage, and produce, a new set of distortions is introduced, in addition to the external special interest pressures. Managers and employers of public enterprises invariably discover that what is in the public interest is not necessarily in their own private interest, and it is their private interest that they tend to pursue. The desire to expand the size of their budget, the need to develop political allies and constituencies, the desire to conceal their mistakes from public view—all of these are motivations that spring from the private interests of bureaucracies, even though they are often at odds with the general public interest.

As a result of National Park Service policies, the white-tailed deer, the mountain lion, bobcat, wolverine, and lynx all have vanished from Yellowstone.

These considerations, which apply to the economy in general, also apply to the public lands. There is no more reason to suppose that the federal government can manage the national parks any better than it manages the Postal Service. Indeed, it is almost certain that the government will do a better job of delivering the mail than managing the parks.

This is because the general public is in a much better position to monitor the Postal Service than the Park Service. Most of us know how much postage stamps cost and whether our mail is being delivered on time. But few of us know what portion of our taxes goes to the Park Service and fewer still are in a position to evaluate the Park Service management.

In his laboriously researched book, *Playing God in Yellowstone: The Destruction of America's First National Park*, Alston Chase shows how the National Park Service has impoverished the Yellowstone ecosystem by managing in accord with a political calculus rather than ecological and environmental standards. As a result of National Park Service policies, the white-tailed deer, the mountain lion, bobcat, wolverine, and lynx all have vanished from Yellowstone, and the Rocky Mountain gray wolf is now extinct.

It should not be surprising, therefore, that agencies ostensibly created to protect and to preserve our natural resources engage in environmentally destructive behavior that no private landowner would ever engage in.

Successful ranchers on private ranges rarely engage in chaining, overgrazing, and other environmentally destructive behavior that we have observed on public ranges for generations.

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Farmers using their own money do not dam rivers and build irrigation systems when the cost of the project far exceeds the economic benefit.

And timber companies logging their own private forestlands do not build uneconomical roads into ecologically fragile areas to cut down uneconomic trees.

James Buchanan won the Nobel Prize in 1986 for the seminal work that he and Gordon Tullock have done on the imperfections of public decision-making. The President's Commission on Americans Outdoors should apply the elemental lessons of public choice theory to the question of public ownership, management, and control of lands, and begin thinking about transferring public lands to private ownership rather than the other way around. There is no policy arena in which the ideas of public choice theory are more applicable.

Courtesy of Bureau of Land Management.

Sitka spruce trees at Tongass forest.

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The Institute for European Defence & Strategic Studies
13-14 Golden Square, London W1R 3AG
Telephone: 01-439 8719
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INDABA WE TRUST

South Africa's Last Best Hope for Racial Peace

WILLIAM PASCOE

Early next year, the South African government will make the most important decision it has faced since the institutionalization of apartheid in 1948. It must decide whether to allow one of its four provinces to abolish apartheid and to reunite with a black homeland under a universally elected, multi-racial government in which individual liberties will be protected by a bill of rights.

Under the present apartheid system, the region of Natal—home to five million blacks (mostly from the Zulu nation), 600,000 whites, 800,000 Indians, and 90,000 (mixed race) coloreds—is divided administratively into the Province of Natal, where most of the whites and Indians live, and the black "homeland" of KwaZulu, a patchwork consisting of 44 separate "black" areas as defined under the Group Areas Act.

The province is governed by the Natal Provincial Council, dominated by the New Republic Party, a mostly English-speaking party not affiliated with the National Party that rules the central government in Pretoria. The homeland is ruled by the KwaZulu Legislative Assembly under Chief Minister Mangosuthu Buthelezi, leader of the Zulu nation and head of Inkatha, the largest black political organization in South African history.

Now representatives of the Natal and KwaZulu governments, together with more than 30 other political institutions from the region, are proposing to abolish this artificial separation of races, and unite the province and homeland under one government. Their proposals result from a remarkable set of constitutional negotiations called "Indaba" (Zulu for discussions or agreement), which began last April in Durban, the capital of Natal.

These discussions led to a more threatening challenge to the system of apartheid than all the pronouncements of Archbishop Desmond Tutu and the African National Congress (A.N.C.) and all the violence in black South African townships. Perhaps because the Indaba is nonviolent, it has been virtually ignored by the international media, which prefers the drama of bloody riots and equally bloody crackdowns by South African security forces. But the KwaZulu/Natal proposals offer South Africa its best opportunity for a peaceful transition to a more broadly democratic society.

Though the Indaba's sessions formally opened in April 1986, its origin lies in the reports of the South African Sugar Association-sponsored Lombard Commission and the KwaZulu Legislative Assembly-chartered Buthelezi Commission, both of which date back to the early 1980s. Although by no means identical, the two reports—one commissioned by an essentially white concern and the other by an essentially black concern—concluded that the two legal areas known as Natal and KwaZulu were in fact one geographic region, and that any attempt to divide them into two separate territories or countries was therefore futile.

Apartheid's Inefficiencies

Quite apart from the ethical shortcomings of apartheid, one of the primary impulses for integrating province and homeland is costly bureaucratic redundancy and duplication of services that results from dual administration. There are, for example, six education departments in the Natal region, and the province could save a million dollars a year simply by combining its health services. This economic inefficiency makes apartheid an unsuitable politico-economic system for South Africa during a time of population explosion and economic depression.

In November 1984, the KwaZulu Cabinet and the Natal Executive Committee formed two high-level joint committees, the KwaZulu/Natal Work Group and the KwaZulu/Natal Strategic Policy Group, to cooperate on matters of joint concern in the administration of the region, such as health services, education, and roads. It soon became clear, however, that such loose cooperation was not enough.

The two administrations therefore agreed to begin negotiations aimed at the establishment of a Statutory Joint Executive Authority, made up of an equal number of representatives from the KwaZulu Cabinet and the Natal Executive Committee. Those negotiations were successfully concluded in March, and were approved by Pretoria shortly thereafter.

WILLIAM PASCOE *is The Heritage Foundation's policy analyst for Third World affairs.*

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But the participants recognized that joint executive authority was only half the battle; joint legislative authority was necessary as well. The two administrations agreed to begin negotiations over the establishment of a single elected legislative authority for the KwaZulu/Natal region earlier this year. It was their belief, however, that such discussions could not properly be limited to the two administrations; after all, since elections were involved, all the people of the region had a stake in the outcome. Hence, they decided to invite representatives from all political parties and groups in the region to participate in the talks.

The great majority accepted the invitation. In addition to the Natal Provincial Council and the KwaZulu homeland government, participants in the Indaba have included representatives of over 30 interested groups, ranging from the Islamic Council of South Africa and the National Council of African Women to the Afrikaanse Sakekomer (Afrikaner Chamber of Commerce).

The three key power brokers in the discussions were Frank Martin, the former provincial governor of Natal, a member of the Executive Committee of the Natal Provincial Council, representing the Natal government; Dr. Oscar Dhlomo, Secretary General of Inkatha, Chief Buthelezi's political party; and Ray Swart, leader of the delegation from the Progressive Federal Party, the most powerful opposition party in the national Parliament.

Only those groups on the extremes declined to participate: on the left, both the A.N.C. and United Democratic Front refused, claiming that such talks diverted attention from the liberation struggle. A.N.C. terrorists firebombed the offices of Professor Lawrence Schlemmer, one of the architects of the Indaba, two weeks before the opening of the discussions, and bombed the homes of three Inkatha officials one week after the Indaba ended. The A.N.C. has much to lose from the successful conclusion of the Indaba: the goal of the A.N.C., as it has declared time and time again, is not the end of apartheid, but the seizure of power for itself, through a violent revolution. It wants to capture a unitary state structure intact, so that it can rule South Africa *in toto* as it sees fit. The sponsors of the Indaba foresaw something entirely different: a peaceful transition to a decentralized governing authority. To the extent that the Indaba succeeded, then, the A.N.C.'s goals would be denied.

On the right, both the Conservative Party and Herstigte Nasionale Party turned down the offer, arguing that any discussion over power-sharing with blacks would inevitably lead to majority rule, a concept they are unwilling to accept in any form. The ruling National Party declined to participate as a full member of the Indaba, and sent an observer delegation instead. They argued that since the central government would have to rule on the Indaba's findings, it was improper for its representatives to take part officially in the discussions.

In July, the Indaba produced a bill of rights that would sweep away all remnants of apartheid from the province. Its 15 detailed clauses guarantee equality before the law and the right of everyone to own property anywhere, regardless of race. The bill also guarantees that anyone arrested or detained must, within a reasonable time, be released or be charged and tried in court. These two provisions alone meant the end of the Group Areas Act and the Internal Security Act, two laws which the Pretoria government relies upon to keep black opposition in check.

UPI/Bettmann Newsphotos.

Chief Buthelezi: warrior for peaceful reform.

The Indaba concluded its discussions in late November with the creation of a constitution for the province that would establish a multi-racial government under a prime minister; blacks would have by far the largest say in choosing this leader. Under the plan, Pretoria would appoint a ceremonial provincial governor. The electorate—all those in the province over the age of 18—would choose members of a bicameral legislature. The lower house would consist of 100 members, elected on a party-proportional basis from 15 "constituencies." Sixty-six seats would be allocated on a straight plurality basis, with the other 34 seats assigned to parties or individuals in proportion to their voting strength. The upper house would have 10 representatives from each of five "background" groups—English, Afrikaner, African, Asian, and "South African." (The "South African" group was created for voters who preferred not to vote according to "background.")

The party or coalition which had the majority in the lower house would have the right to name the prime minister; he in turn would name five of the 10 cabinet ministers. The other five would be assigned in proportion to their electoral support, with each of the four "background" groups represented with at least one minister. Legislation would have to be approved by majorities in both houses. If proposed legislation affected one "background" group in particular, it would have to have the support of a majority of that particular group.

Threat to White Rule

The first reaction from Pretoria to the proposals was negative. Home Affairs Minister Stoffel Botha (no relation to State President P.W. Botha), who also heads the National Party's Natal branch, rejected the proposals, claim-

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Reuters/Bettmann Newsphotos.

If Indaba fails, the future of South Africa is sure to be bloody.

ing that they would lead to the "total domination" of whites by the province's black majority. He argued that "group rights"—meaning white rights—would have to be protected in any proposed constitutional change. But spokesmen for Pretoria quickly disassociated themselves from Botha's views, claiming that he had spoken in his capacity as National Party leader of Natal, not as a cabinet member. Constitutional Development and Planning Minister Chris Heunis would be the one to announce the official government reaction, they said, and he had not even met yet with Indaba representatives.

The government of P.W. Botha has much to look back on in 1986: the early hopes engendered by the visits of Commonwealth Eminent Persons Group (E.P.G.); the repeal of the pass laws and influx control; the lifting of the state of emergency; the discovery of a secret South African Communist Party (S.A.C.P.) document detailing its plans to use the A.N.C. and its strategy to foment massive violence on the anniversary of the 1976 Soweto riots; raids into Botswana, Zambia, and Zimbabwe; the dashed hopes caused by the release of the E.P.G. report which concluded that more international pressure against Pretoria was necessary; the reimposition of an expanded state of emergency; and the imposition of economic sanctions by the United States and the European Economic Community.

These events, significant in themselves, pale in comparison to the achievements of the Indaba. For the first time, elected representatives of whites, blacks, Indians, and coloreds sat around a table and hammered out wide-ranging proposals for a universally elected, multi-racial government, with checks and balances and a bill of rights to protect minority rights. Never before in South African history had such an endeavor been attempted successfully.

At this point, two things are clear. First, the ruling National Party government probably will not do anything on the proposals until after the elections it has tentatively scheduled for late April, for fear of further alienating white voters. If Pretoria did act before the elections, it most likely would be to dismiss the proposals in a bid to shore up its right wing. Thus, as far as supporters of the Indaba are concerned, no news is good news—for now.

Second, if the government decides after the elections to reject the Indaba's findings, the future of South Africa is sure to be a bloody one. The whites in Natal are mostly descended from the English, and hence are the most reform-minded whites in South Africa; the blacks in Natal are primarily of the Zulu nation, led by Chief Buthelezi, and are therefore the blacks in South Africa who most favor a nonviolent, negotiated end to apartheid. In other words, Natal is a unique situation, blessed with the best of both worlds: the most liberal whites and the most conservative blacks. If peaceful negotiations cannot be made to work there, they cannot be made to work anywhere. Pretoria must recognize this. It cannot afford not to.

Further, while Pretoria may not like all of the proposals specifically, it must also recognize the underlying message of the Indaba: that the future for South Africa lies in some form of federated state, with power decentralized as much as possible, and local authority greatly increased. (For example, the new provincial government would have increased authority over revenues—both raising and spending—and would have its own "Natal regional force" to work with the South African police, in addition to increased control over education.)

It is this localizing aspect of the Indaba that has so infuriated the A.N.C. For as local authority increases, so does the legitimacy of local leaders—which necessarily detracts from the legitimacy of the A.N.C.—and lays bare its claim to be the sole legitimate opposition movement in South Africa.

But those who clamor for an end to apartheid and pin their hopes on the Indaba must also recognize that Natal's

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uniqueness cuts both ways: while it allows the hope of a negotiated end to apartheid for Natal, it does not necessarily follow that such a solution can or should be attempted across all of South Africa. One high South Africa foreign ministry official, visiting Washington in early December, expressed the concern that if Pretoria were to accept the Indaba's proposals for Natal, it would be expected to apply the same formula on a national basis. Clearly, the Indaba's proposals are meant for Natal. While similar multi-racial negotiations might lead to peaceful solutions in some other areas—notably the Western Cape—there is perhaps too much racial hostility in the Transvaal and the Eastern Cape for different races and ethnic groups even to sit around the table.

Nevertheless, the Indaba proposal may be South Africa's last, best hope for racial peace. An early December nationwide poll conducted by Research Surveys, South Africa's second-largest independent polling organization, yielded some startling results: by a ratio of five to one, individual blacks said they would prefer a multi-racial government to an all-black government. By the same ratio, blacks said they favored negotiations rather than violence as the best way to end apartheid. And half said they still believe there is a large reservoir of goodwill toward whites among blacks.

In short, the blacks polled said there is still time to reach a negotiated solution to the problem before their tolerance fades and all-out race war becomes inevitable. But if Pretoria does not take them up on the opportunity soon, they may give up: while 82 percent of the black men over 50 condemned violence for political ends, more than a third of the blacks under 24 saw such violence as legitimate. And the number grows daily.

Such a violent turn to the struggle in South Africa would be disastrous for all involved: the millions of blacks and whites of South Africa who would lose their lives; the people of southern Africa, who depend upon the South African economy for their livelihoods; and the Western allies, who depend on South Africa's critical strategic minerals for their defense needs. Only two groups would benefit from such a bloodletting; the twisted old men in the Kremlin, who would increase their efforts to impose on South Africa through their allies in the S.A.C.P. and A.N.C. the same kind of hell they have imposed in Angola, Mozambique, and Ethiopia, and who would rejoice in the denial of South Africa's mineral riches to the West; and the crazed Hitlerites of the South African fanatical right, who would try to impose their own version of a "final solution" on South Africa. The South African government has always claimed to be both reformist and anti-Communist. With one decision early next year, it will show the world if it is true to its word.

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High Times In America

Why Our Drug Policy Can't Work

Cait Murphy

Illegal narcotics trafficking may be the last bastion of unbridled free enterprise on earth. Unencumbered by health regulations, safety laws, minimum wage requirements, or conscience, drug lords are free to do exactly as the market dictates. For the past 20 years, the market has demanded more and better drugs; and traffickers have been happy to supply them. Creating a "drug-free society" then, as President and Mrs. Reagan have called for, is not just a matter of law enforcement. The question is: how does one stop others from doing something they clearly want to do?

Americans are eager consumers of narcotics; according to a report published by the Institute for Social Research at the University of Michigan, which conducts an annual drug use survey of U.S. students, young Americans "show a level of involvement with illicit drugs which is greater than can be found in any other industrialized nation in the world." We spend $110 billion a year to buy illegal drugs, and lose perhaps $46.9 billion more in hidden costs to the economy, according to the Research Triangle Institute, a North Carolina think tank.

Some 22 million Americans have tried cocaine, 10 million in the last year, three to five million in the last month. Cocaine deaths have increased every year, reaching a new peak of 613 in 1985. There are half a million heroin addicts, and heroin-related deaths have increased by a third since 1983. The President's Commission on Organized Crime estimates that a quarter of all Americans have tried marijuana, and that 20 million use the drug at least once a month. Fifty-four percent of high school students have tried pot at least once. By their mid-20s, 75 to 80 percent of young Americans have tried an illicit drug.

The good news is that—with the possible exception of cocaine—drug use is actually declining. (Cocaine use is increasing among high school students. At the college level, cocaine has stabilized; for the general public, the number of users has leveled off, but consumption is up.) The use of pot, heroin, PCP, LSD, Quaaludes, amphetamines, and barbituates has declined steadily since 1980 and shows no sign of an upturn. As Carlton Turner, director of the White House Drug Abuse Policy Office said last October, "It's not an epidemic now. It *was* one in 1981."

Five years after the epidemic, Congress discovered drug abuse last summer. The *Wall Street Journal* had warned in January of "Congressional resistance to major budget increases for the war on drugs." It seemed that even if Dr. Turner wanted more money, he would not be able to pry it from Congress.

Then a new cocaine derivative, crack, hit the streets; two prominent athletes died from cocaine overdoses; and President Reagan sent troops to Bolivia to interrupt cocaine production. Congressmen of both parties began to compete to see who could put together the biggest, toughest, meanest, most expensive drug bill. The death penalty, military surveillance, changing the exclusionary rule, and mandatory drug testing—each of these was pondered by Congress. Remarked Barney Frank (D-MA) of the House effort, "I am afraid that this bill is becoming the legislative equivalent to crack. It is going to give people a short-term high, but it is going to be dangerous in the long run to the system and expensive to boot."

Frank's warning went unheeded: the short-term high is gone already, but the country is stuck with the $2.4 billion Drug Enforcement, Education, and Control Act of 1986, which President Reagan signed into law on October 26. The bill follows the classic four-part pattern of American drug policy established by President Kennedy's Prettyman Commission in 1963: treat the user, educate the potential user, punish the trafficker, and intercept the drugs.

As a plan, it seems sensible. The only problem is that it does not work—and it makes little sense to address drug abuse by simply intensifying the failed policies of the past generation. If these four strategies are so valuable, why did drug abuse explode *after* the Prettyman Commission?

The principle of narcotics interdiction, for example, is sound: destroy the drugs before they get to anyone. Congress appropriated about $572 million for aircraft, radar systems, and Customs Service personnel for the purpose. But so much dope is grown in so many different places, that while drug enforcement agents seized more drugs than ever before in 1985, the street prices of drugs—the clearest indication of decreased supply—did not rise at all. Says

Cait Murphy *is assistant editor of* Policy Review.

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William F. Alden, public affairs officer at the Drug Enforcement Administration, "We have all these good statistics—arrests are up, seizures are up, intelligence is better than ever. But there's as much or more drug use today as there's ever been."

In this country, for example, the South Florida Task Force, led by Vice President George Bush, has made more than 15,000 arrests, seizing six million pounds of marijuana and 100,000 pounds of cocaine since its founding in early 1982. Impressive, but as of September, the price of cocaine in Miami had dropped to $8,600 a pound, the lowest in the country. The task force did drive traffickers underground and the murder rate has declined, but there is no evidence that it has hindered the flow of cocaine. In some ways, it may have even complicated enforcement efforts; traffickers are now routing many shipments through the porous southwest border.

Other efforts against cocaine have had similar problems. Last summer, at the same time the Bolivian and American armies were shutting down 20 to 40 percent of Bolivia's cocaine production, U.S. law enforcement officials seized over 6,000 pounds of cocaine. Yet the drug remained available and the price stayed the same. The United States is so saturated with cocaine that traffickers are turning to Europe to open new markets.

Marijuana import control has been more successful, but perhaps for the wrong reasons. By every measure, marijuana smuggling is down, even in south Florida. On the other hand, despite eradication efforts in all 50 states, domestic production of marijauna has grown from roughly 750 tons in 1978 to about 2,000 tons this year. The National Organization for the Reform of Marijuana Laws (NORML) estimates that marijuana is the nation's second largest cash crop, with a value of $18.6 billion. About 60 percent of the marijuana consumed in the United States is grown here, so naturally not as much needs to be imported. Another probable reason marijuana smuggling has decreased is that as more drug imports were seized, dealers switched from bulky marijuana cargoes to lighter, more compact, and more profitable cocaine.

Drug control has also been unsuccessful overseas. International efforts are hindered by the "push-pull" effect: when one country gives up growing dope, another will step in to take up the slack.

In 1974, with the support of the United States, Turkey undertook an ambitious crop substitution project, replacing opium production with legal crops. The program was a success: Turkey is no longer considered a drug producing nation. Now it is a drug trafficking nation, one of the chief conduits between Asia and Western Europe for heroin.

When Turkey stopped growing opium, Mexico and Pakistan promptly grew more. But then, the leaders of the Pathan tribesmen of the Khyber pass in Pakistan declared that heroin was contrary to Islamic principles and threatened to burn down the house of anyone making it. This effectively eliminated most illicit opium production; from a peak of 800 tons in 1979, Pakistan's crop decreased to 45 tons in 1985. Unfortunately, Iran and Afghanistan are growing almost 20 times that much now, according to a State Department estimate—and the United States has no leverage in either country.

Internal political problems can also cripple drug enforcement. Burma is one of the largest opium producers in the world. Its government is committed to wiping out illicit crops, but parts of the country are controlled by guerrillas who finance their struggle through narcotics trafficking. In Thailand, a U.S.-funded crop substitution program that looked great on paper has not worked; instead of substituting other crops for opium, Thai peasants simply used U.S. largesse to grow legal crops in addition to opium, and more recently, marijuana.

And all the crops are easier to market, thanks to the new roads the United States built. The government began crop eradication efforts last year, but as in Burma, it does not control some portions of the country where opium flourishes.

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The story is similar in Latin America. In 1975, the United States asked Mexico to spray paraquat on its marijuana crop. The Mexican government complied, and the crop was ruined. Immediately, Colombia and Jamaica stepped up marijuana cultivation, and U.S. consumers began to grow their own. Effect on consumption: nil. A joint U.S.-Colombian effort in 1984 netted the largest cocaine seizure in history: an entire factory in the jungle with 10 metric tons of pure cocaine waiting to be shipped. "There was no impact at all on price or supply. *Nada.* The rest of the world just made up the difference overnight," says the D.E.A.'s William Alden.

In 1974, when Turkey stopped growing opium, Mexico and Pakistan promptly grew more.

Cocaine is so important to the economy of Bolivia that when U.S.-funded Bolivian anti-drug forces tried to destroy a coca crop in Ivaragama last January, 17,000 farmers surrounded them and forced the government to capitulate. In Colombia and Peru, most coca production takes place in remote areas where the government has little control; in Peru, narcotics traffickers and terrorists control the areas where most drugs are grown.

In light of growing drug abuse problems among their youth, all three countries are now taking narcotics control more seriously. It is no longer a matter of humoring decadent "Yanquis." But the combination of internal political problems, extensive drug cultivation in Asia, and most important, the American appetite for drugs, make it unlikely that we will ever intercept or destroy more than a tiny portion of the narcotics entering the country. (Last year, officials estimated that perhaps 10 percent of all illegal narcotics were seized.)

Other parts of American drug strategy are also severely limited. Curing addiction is almost impossible; rates of recidivism are high in virtually all drug treatment centers. International programs have the same sad results. Methadone maintenance has not worked in Britain, where the number of heroin addicts has tripled in the last decade. Nor do Thailand's Buddhist temple programs work very well: 80 percent of the addicts who go through the program go back to heroin within six months. A number of scientific studies have proved that the "cold turkey" approach is ineffective, as well as excruciating to the addict. In short, nothing seems to stop addicts from wanting to go back to their drugs. The exception to this dismal record might be treating opium addiction; in both Egypt and Sri Lanka, programs that treated the symptoms of opium withdrawal, combined with group therapy, worked well for highly motivated opium addicts.

But this can teach the United States nothing. Most hardcore American drug addicts abuse more than one drug. So while methadone, for example, might help to alleviate the craving for heroin, it does nothing to treat alcoholism or prescription addiction. Second, even if the treatment does seem to work, the pressures of adapting to drug-free life—finding a job, a place to live, new friends—are often too much for newly released addicts, who escape from their new difficulties by returning to their old drug habits.

A look at other countries' drug policies shows that the relationship between the severity of drug laws and the rate of drug abuse is unpredictable. Neither harshness nor leniency can guarantee an end to drug abuse.

Despite its liberal drug policy—coffee bars legally sell hashish and marijuana—the Netherlands has a much lower abuse rate than many countries, including the United States. Only eight percent of all Dutch students have tried marijuana, compared with over 60 percent of American students, according to the Foundation for the Scientific Study of Alcohol and Drug Use. Yet the Netherlands has not been able to effectively contain heroin and cocaine use—though its levels are still far lower than in the United States—and Amsterdam is widely known as a drug mecca. Street crime has increased tenfold since 1974.

Britain has long been famous for its benign treatment of drug addicts. From 1926 to 1968, general practitioners could prescribe drugs to addicts. In 1968, to curb overprescribing, clinics were established where specially licensed doctors were allowed to dispense heroin or cocaine to 2,782 registered addicts. The theory was to prevent a black market from developing by giving addicts a regular supply of drugs until they were ready to kick the habit. But the vaunted "British system," which was so highly praised in the 1970s as a humane way to reintegrate addicts into society, failed on its own terms. Between 1970 and 1975, the number of registered addicts increased by 37 percent, lending impetus for the decision to switch from injected heroin to oral methadone. "I got the impression," writes Arnold Trebach, director of the Institute on Drugs, Crime, and Justice, in his book *The Heroin Solution,* "that many of the clinic psychiatrists, nurses, and social workers had simply been worn down to the point of utter annoyance by addicts who came back year after year not seeking improvement, not a better life, not rehabilitation, but drugs to stick in their veins."

Methadone maintenance is still the official drug policy in Great Britain, but it, too, has failed sadly. Street heroin is cheap, and most addicts prefer heroin to methadone. Also, addicts now tend to abuse more than one drug, a trend with which maintenance programs are not equipped to deal. The number of registered addicts has tripled since 1979. There are now over 12,000 registered addicts on methadone maintenance; the real number is, of course, much higher. Marijuana, cocaine, and glue-sniffing are common.

In Japan, drug laws are less stringent than in the United States but there is no drug problem to speak of. There is some concern about a growing heroin problem: the number of cases of suspected heroin possession in Tokyo rose from 29 to 36 last year. Until 1985, India also had lenient drug laws, but unlike Japan, drug abuse became a serious problem. Last year, the Indian government toughened the laws, but it is too early to tell if there are any effects.

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On the other extreme, Malaysia has among the harshest anti-drug laws in the world—and one of the most serious drug problems. Prime Minister Mahathir Mohamed has publicly estimated that 500,000 Malaysians are heroin addicts—the same number as the United States—out of a population of 13 million. Seventy percent of the addicts are under 30. Draconian narcotic laws for trafficking, including unlimited detention in prison and the death penalty (two Australians were hanged this year for suspected trafficking, the first Westerners to die under the new law), have made only minimal progress in curtailing supply and use.

Pakistan tried to eliminate opium smoking by eliminating poppy cultivation. In the narrowest sense, the effort has been successful; opium cultivation has declined from 800 metric tons in 1979 to about 45 tons in 1985. But heroin consumption has skyrocketed: until 1980, there were virtually no heroin addicts; in 1982 there were 25,000; in 1984, 250,000; and by 1985, at least 300,000, according to the Pakistani Narcotics Control Board.

Iran might have the most draconian drug laws in the world. In 1980, 176 people were executed over a seven-week period for heroin and opium-related offenses. The State Department believes there was a similar wave of arrests and executions in 1984. Yet no evidence suggests that the number of addicts has declined from Interpol's 1983 estimates of 100,000 heroin addicts and 500,000 opium addicts.

The American Way

In the United States, law enforcement has partially succeeded in controlling heroin, PCP, and Quaaludes. Heroin abuse tends to be localized, almost always taking place in poor, inner city neighborhoods. Therefore, intensive anti-heroin police actions like "Operation Pressure Point" in New York City in 1983-84 can have an immediate, discernible impact on the heroin culture. In the last 10 years, the number of heroin addicts has fallen from over 700,000 to about 500,000.

Quaaludes were second only to marijuana in popularity in the late 1970s. Now they are virtually off the market. Quaaludes are composed of methaquolone and had been prescribed legally as a sleeping pill, but Colombian traffickers were acquiring the chemical, and converting it into high-dosage tablets. By limiting the manufacture of the chemical, and then breaking up the supply lines by targeting the licit factories that manufactured methaquolone, the governments of the United States, Europe, India, and Colombia were together able to stop the traffic.

The story of PCP is similar. By enforcing tight controls on piperidine, an essential ingredient, governments effectively limited the supply of the drug. Also, PCP was not a "feel good" drug. Most people who tried it didn't repeat the experience. In the United States, PCP deaths have fallen every year since 1983, though Washington, D.C. and Los Angeles continue to have serious problems.

What these three examples of drug enforcement share, other than a degree of success, is the fact that the overwhelming majority of Americans were solidly behind the efforts. Absolutely no one argues that heroin is good for you; and the wild violence of some PCP druggies was enough to scare off many potential users. In this respect, these drugs differ from marijuana and cocaine, the two most popular illegal drugs.

Some 60 million Americans have smoked pot; it is by far the most socially entrenched illegal drug, almost a rite of passage for adolescents and a natural party adjunct for many young adults. In California, Hawaii, and parts of the south, marijuana agriculture is so important to the local economy that prosecutors have difficulty getting convictions for large planters. Law enforcement officials simply cannot deal with this kind of overwhelming defiance: what city cop is going to arrest every pot smoker he sees? If these drug laws are not going to be enforced on the street, it might make sense for the D.E.A. and the Justice Department to cut down on spectacular multi-helicopter anti-marijuana campaigns and concentrate their resources on harder drugs.

Drug enforcement agents seized more drugs than ever before in 1985, but the street prices of drugs did not rise at all.

Cocaine use has not yet reached the same dimensions as pot, but 22 million Americans have tried it—among them, of course, a considerable proportion of our sports and entertainment elite. Middle class abuse of cocaine, says Rudolph Giuliani, the U.S. attorney in Manhattan, "creates a runaway, impossible problem for law enforcement to deal with."

Does this mean that legalization is the next logical step? Not really. Despite the enthusiasm for drugs among a significant minority of our population, the American public has consistently supported anti-drug laws. An October poll by the *New York Times* even indicated some hardening of attitudes: 57 percent of respondents agreed that possession of small amounts of marijuana should be treated as a criminal offense, up from 41 percent in 1977. And an initiative in Oregon, which would have allowed adults to possess and grow marijuana privately for their own use, was rejected 73 to 27 percent. Oregon decriminalized marijuana in 1973. On the other hand, enforcement of marijuana laws is consistently rated a low priority in polls.

Legalization of drugs, even marijuana, is probably not desirable anyway. The underground market would still flourish in order to provide smokers with stronger pot than would be sold and to sell to children not old enough to buy legally. Now that the worst abuses of marijuana enforcement are over—no one gets a year in prison for possession of a joint these days—having marijuana laws on the books serves the useful purpose of signaling society's disapproval of what is, after all, a harmful substance.

What, then, is the solution? The simple answer is that there isn't one; to look for magic bullets in an omnibus drug bill is a waste of time and money. America has a huge

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drug market because many Americans like to do drugs. Therefore, the only way to decrease drug abuse is for people to decide they don't want to do it. President Reagan referred recently in a speech on drugs to "an overwhelming change in consciousness that is taking place in America." So far, this is an exaggeration; rates of drug use are declining only modestly, albeit steadily. But it *is* true that such a shift in attitude is the key to reducing drug abuse. People have to *want* to "just say no."

The Limits of Law

Legal sanctions can, of course, influence private behavior. No doubt there are some people who have buckled up their seatbelts or refused to smoke a joint simply because the law told them to. But without a social consensus that verges on unanimity, laws seldom work; police can only deal with a limited number of violators. On the other hand, when such a consensus does emerge, the social pressures it generates are far more powerful than any law.

Cocaine was not illegal in the United States, for example, until the Harrison Act of 1914; by that time, hardly anyone was using it anymore. But in the 1880s and 1890s, cocaine was the drug of choice. Sigmund Freud wrote approving essays on its qualities, even sending the magic powder to his fiancee. Arthur Conan Doyle had his famous detective, Sherlock Holmes, take cocaine in several of the earlier stories; after the turn of the century, it never appears again. Vin Mariani, a wine drink containing cocaine, had such a cult following that its manufacturer put together a dozen volumes of testimonials, including endorsements from three popes. And Coca Cola contained cocaine until 1903; a common order for the beverage was, "Give me a dope." But as the dangers of cocaine became more widely known in the early 1900s, cocaine use steadily declined. By the time the states started restricting access to the drug and the federal government outlawed it, the problem was already under control.

In modern times, two of our most dangerous legal drugs—alcohol and nicotine—are too entrenched to be outlawed, but social pressures are effectively reducing their abuse. Only 32 percent of American adults smoke cigarettes today, down from 43 percent in 1965. And while alcohol is still the most common drug—92 percent of all high school students will have tried it before they graduate—the worst effects of liquor, drunk driving fatalities, dropped to 23,500 in 1985, from 26,000 in 1980.

Historically, as public awareness of the danger of a drug increases, use decreases. This was true of opium, laudanum, ether, morphine, heroin, and particularly cocaine in the 19th and early 20th centuries. The reverse is also true: when a drug comes to be considered innocuous or even beneficial—i.e. pot and LSD in the 1960s, cocaine in the 1970s, "Ecstasy" most recently—expect consumption to increase.

So, for example, when the misperception arose in the early 1970s that cocaine was non-addictive and not particularly dangerous (reversing the turn of the century consensus), consumption immediately went up. In a typical remark of the period, Peter G. Bourne, who later served as President Carter's drug adviser, wrote in 1974 that cocaine "is probably the most benign of illicit drugs currently in widespread use." Now that such drug experts are no longer trumpeting cocaine as a harmless high, use will probably begin to go down.

New research on pot may play the same role. A poll of Californians indicates that the recent decline in pot use was attributable to smokers' health concerns, not to legal sanctions. By 1985, some 70 percent of high school seniors believed marijuana use to be harmful, according to the National Institute on Drug Abuse; this is almost certainly a factor in the drop in use among students. The same holds true for the declines in heroin and PCP. Research into the physical effects of drugs is, therefore, an effective, if long-range means of controlling drug abuse.

Second, education programs might be a useful, if limited, preventive measure. Unfortunately, there is no consensus on what kinds of education programs succeed in preventing students from using drugs. In fact, there is some evidence that indicates that the more kids learn about drugs, the more likely they are to try them. New programs that emphasize helping students to cope with social pressures show promise, but require special skills of the teachers who must direct them and are too new to have a proven track record.

So before spending $700 million over three years—the amount the drug bill authorized—we should figure out what works and not repeat the mistakes of the past. In particular, the scare tactics that characterized many drug programs in the 1970s have proved ineffective. At a time when almost 60 percent of high school seniors have tried dope, telling them simply that "drugs kill" is not going to make much of an impression. Of course drugs *can* kill, but students also know that it is possible to do drugs and live, and will not take such dire warnings very seriously.

Nor should drug education implicitly sanction drug use. A 1979 textbook entitled *Responsible Drug and Alcohol Use* advised students: smoke dope only with friends, clean out the seeds, don't smoke and drive, and don't drop ashes. Not exactly a hard-hitting prevention program.

The goal of drug education should be to make drug use so socially undesirable that kids won't even want to try it; it might be better to say that drugs are not just dangerous, but *gross*. The smoking analogy could be useful; probably more kids quit smoking because it made their breath smell and hurt their basketball game than because it causes lung cancer. Despite its limits, better drug education is a reasonable direction to go in. Since it is impossible to stop the supply of drugs, efforts to control demand make sense.

But the "war on drugs" will not be won by these measures. No government program, no matter how sensible and well meaning, can stop Americans from doing what they want to do. As one D.E.A. official put it in a 1985 book, *International Drug Trafficking*:

> There has never been an illegal activity that was reduced or ended by laws themselves as long as the public condoned it. Society is the one that ends things. It does so by changing its attitude and removing its support. And that's the way it's going to be with [drug] traffic. Only when the world has gotten thoroughly fed up with today's abuse problem and has reached the day when it can say 'enough is enough' will the traffic truly find itself crippled. ☎

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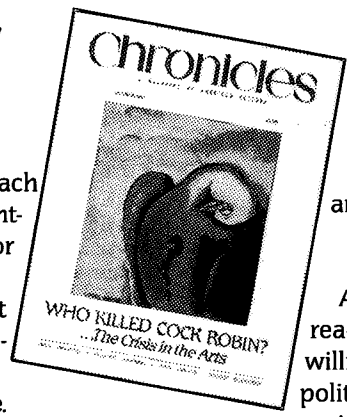

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Suffer The Little Children

How Child Abuse Programs Hurt Poor Families

Douglas Besharov

The past 20 years have seen an enormous expansion of programs to protect abused and neglected children. Thanks to these programs, child abuse deaths are down from 2,000 to 3,000 a year in 1975 to about 1,000 in 1985. But in its eagerness to protect children from dangerous parents, state and federal policy is hurting poor children and is weakening their families.

The problem is the misuse of foster care. Those children who need the most help—the victims of physical brutality—are often not removed from their abusive parents. At the same time, children and parents who need only social and educational reinforcement cannot receive such help. Instead, poor, socially deprived children are more likely to be placed in foster care than abused children. Once there, they languish for years in an emotionally damaging limbo. Child welfare policy must begin to differentiate between children in danger of serious injury and those who are not. For the abused child, foster care may be the only possible protection; but for the socially deprived child, home-based programs that compensate for parental inadequacies would be more effective and less traumatic. When we try to help these children, we should remember the ancient medical maxim: first, do no harm.

Child abuse and child neglect are serious national problems. But the words "abuse" and "neglect" are used by child welfare agencies to encompass much more than the brutally battered, sexually abused, or starved and sickly children that come to mind when we think of child maltreatment.

In 1979 and 1980, the federal government conducted a National Study of the Incidence and Severity of Child Abuse and Neglect, which collected data for 12 months from a representative sample of 26 counties in 10 states. The study found that only about 30 percent of all "maltreated" children are physically abused, and only about 10 percent of these children (three percent of the total) suffer an injury severe enough to require professional care. Thus, over 90 percent of the cases labeled "physical abuse" are really situations of excessive or unreasonable corporal punishment, which, although a matter of legitimate government concern, are unlikely to escalate into a serious assault against the child.

Sexual abuse makes up about seven percent of reported cases of maltreatment of children. This figure may be low; major efforts are being made to increase the reporting of suspected child sexual abuse.

Physical neglect makes up about 17 percent of all cases. The three largest categories are failure to provide medical care; abandonment and other refusals of custody; and failure to provide food, clothing, and hygiene. Physical neglect, of course, can be just as harmful as physical abuse. In fact, more children die of physical neglect than from physical abuse. But again, the number of cases where neglect has resulted in serious physical deprivation or injury is low, perhaps as low as four percent of neglect cases.

The remainder of cases, about half, are forms of *educational* neglect and *emotional* maltreatment. Educational neglect, at 27 percent, is the single largest category of cases. Emotional abuse, mainly behavior defined as "habitual scapegoating, belittling, and rejecting behavior," accounts for about 20 percent of the total. And various forms of emotional neglect, defined as "inadequate nurturance" and "permitted maladaptive behavior," compose nine percent of the total.

Almost 85 percent of all cases of "child maltreatment," then, involve excessive corporal punishment, minor physical neglect, educational neglect, or emotional maltreatment. These are forms of real emotional or developmental harm to children, but they usually do not create the need for emergency government intervention.

Parental Deficiencies

In the overwhelming bulk of these cases, which are most accurately considered forms of "social deprivation," the families are poor. About 30 percent of abused children live in single-parent households and are on public assistance; the comparable figure for neglected children is about 45 percent. This does not mean, however, that poverty causes parental abuse or neglect: fewer than one in five welfare families are reported for suspected abuse or neglect.

Douglas Besharov *is a resident scholar at the American Enterprise Institute. He was the first director of the U.S. National Center on Child Abuse and Neglect.*

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Norman Polansky, Regents Professor of Social Work at the University of Georgia, is the foremost expert on the relationship between poverty and child maltreatment. He has concluded that: "Neglectful parents differ from other parents at the same socioeconomic level. . . . Neglectful parents suffer pervasive and profound character disorders, of which the two most frequent are the apathy-futility syndrome and the impulse-ridden character."

These parents are extremely difficult to reach, let alone successfully treat. Yet the children need not be removed from their custody; in fact, breaking up the family unit often makes the child's situation worse. Poor children can spend years in foster care as their parents' psychological disorders are "treated," usually ineffectively. Hundreds of thousands of poor children suffer more than if they were simply left at home.

Instead of placing these children in foster care, the child welfare programs would do better to try to compensate for the parents' inadequacies through home-based educational and social programs for the children. This is a less intrusive, more effective, and probably less expensive way to deal with the problem.

Permanent Foster Care

About 65 percent of reports of child abuse and neglect are deemed unfounded. And of the 600,000 substantiated cases, fewer than 20 percent result in the child's placement in foster care. But this is an enormous number, because the number of reports is so high. Last year, more than 120,000 children were placed in foster care because of abuse or neglect, up from 75,000 in 1963. Each year, more than 440,000 children spend at least some time in foster care.

Placement in foster care is sometimes necessary to prevent a child's serious injury or even death. Child protection agencies have been successfully sued for damages when children were subsequently abused because the agency failed to remove them from parental custody. But contrary to common assumption, cases of social deprivation, not cases of physical abuse, are the ones most likely to result in foster care. A national study by the U.S. Children's Bureau in 1979 found that social workers recommend foster care almost a third more often (31 percent versus 23 percent) in cases of neglect than abuse. According to a study of the records of the Family Division of D.C. Superior Court, in 1985, 74 percent of the neglected children brought before the court were placed in foster care, while only 41 percent of abused children were.

In theory, foster care is a short-term remedy designed to protect children from harm while parents have time to respond to treatment. The reality is far different. More than 50 percent of the children in foster care are in this "temporary" status for over two years; more than 30 percent are away from their parents for over six years.

A root cause of foster care limbo, like the initial decision to place the child, is the inability of existing treatment programs to break deep-seated patterns of child abuse and neglect among poor families. As the U.S. National Center on Child Abuse and Neglect acknowledged, "Counseling is the service typically provided to neglectful families, although there is no evidence that this service is effective with chronically neglecting parents."

Foster care was ineffective even in the 19th century, as Charles Dickens vividly illustrated in this scene from *Oliver Twist.*

Neglected, socially deprived *children* are more likely to be placed in foster care than are abused children because their *parents* are deemed harder to treat than abusive parents. Many neglectful mothers, for example, fit into the "apathy-futility syndrome." Norman Polansky describes such women as:

> passive, withdrawn, lacking in expression. . . . Their workers found them disorganized in their lifestyles and child-rearing; they were frustrating because, although they did not oppose the suggestions offered, neither did their care [of the child] improve. The agency personnel did not know what to make of them or how to treat them and neither did we.

Existing treatment programs are successful only with parents who are already motivated to accept help, or who can easily be encouraged to do so. They do not work for those who have serious personality problems.

On the other hand, the termination of parental rights—the solution for intractable cases of serious physical and sexual abuse—is also unlikely in cases of social deprivation. Since the damage to the child is cumulative, there is no particularly outrageous incident, such as a brutal beating, upon which to base a decision to terminate parental rights; nor have the parents evidenced an unequivocal unwillingness or absolute inability to care for the child. Most social workers and judges are unwilling to sever the parent-child tie on the ground of emotional or developmental deprivation.

As a result, these socially deprived children are trapped in a vicious cycle. Their parents cannot adequately care for them; they cannot be returned home; and they cannot be placed for adoption. Through it all, the children suffer an increasingly harmful foster care experience.

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Long-term foster care can leave lasting psychological scars. For the parents, removing a child is psychologically devastating, and can do irreparable damage to their bond of affection and commitment. In addition, many forms of maltreatment stem from how the parent and child relate to each other. Separation obviously cannot aid in the resolution of such problems. The period of separation may so completely tear the already weak family fabric that the parents have no chance of coping with the children when they are returned.

About 35 to 55 percent of all child fatalities attributed to abuse or neglect involve children already reported to a child protection agency.

For the child, foster care is emotionally jarring. While in foster care, children are supposed to receive services to remedy the effects of past maltreatment. Few do. Worse, children who stay in foster care for more than a short time, especially if they are older, tend to be shifted through a sequence of ill-suited foster homes, denying them the consistent support and nurturing that they so desperately need. A study of foster children in Jackson County, Missouri (which includes Kansas City) found that 29 percent had been in four or more homes in less than five years. As a result, many graduates of the foster care system show severe emotional and behavioral problems.

This over-reaction to poverty-related "child maltreatment" can endanger children who are in real jeopardy. Inconsistent as it may seem, given the widescale misuse of foster care, child protection workers and judges are deeply conscious of its hazards and hesitate to use it except in the most extreme cases. Consequently, many children are left in the custody of parents who have repeatedly abused them.

One study of child abuse fatalities, for example, described how "In one family, two siblings of the victim had died mysterious deaths that were undiagnosed. In another family, a twin had died previously of abuse." Studies in several states have shown that 35 to 55 percent of all child fatalities attributed to abuse or neglect involve children already reported to a child protection agency. Thousands of other children receive serious injuries short of death even while under child protective supervision.

Eight-year-old Tammy Nelson was one of these children who died because the agency did not have the money to conduct a proper investigation.

> [The Missouri Division of Family Services] allegedly received several hotline calls concerning the Nelson children, but it appears that only two were investigated . . . The callers informed D.F.S. that Tammy Nelson was being sold by her mother to an older man for the purpose of having sex, and that Audrey Nelson, the child's mother, forced her children to watch her perform sex acts with various partners and perhaps forced them to participate. . . . However, the investigators failed to conduct a thorough investigation as required by statute. Both investigations basically consisted of a brief interview of Audrey Nelson and a brief interview of the children, possibly within hearing distance of Audrey. The children, as well as Audrey, denied the allegations of the callers. . . . The investigators seem not to have interviewed the children individually or apart from their mother, nor did they interview possible witnesses or request physical examinations for the children.

Shortly after this "investigation," Tammy was found murdered.

More resources could be focused on such physically endangered children if social welfare agencies faced the reality that in many cases of neglect and deprivation, society is better off doing nothing. Through some sort of tunnel vision, the system sees the *physical* improvement of the child's living conditions while in foster care as proof that the child is better off away from his parents. This ignores the often devastating effects of long-term foster care limbo on the child's *emotional* well-being. As child development experts Al Goldstein, Anna Freud, and Albert Solnit note, "by its intervention, the state may make a bad situation worse: indeed it may even turn a tolerable or even a good situation into a bad one."

Benefits of Development Programs

A U.S. National Center on Child Abuse and Neglect report sets out a more sensible policy:

> It is unrealistic to hope that the outcome of treatment will be a 'model' family. Parents this dysfunctional will probably never be able to fulfill the needs of their children sufficiently to reach the primary goal of breaking the cycle of neglect. Rather, it is hoped that there will be enough improvement or stability to see the children through to adulthood without great damage being done to them.

Most socially deprived children, then, do not need to be taken away from their families. They need a network of in-home, child-oriented services that attempt to compensate for parental deficiencies. "Compensatory" services might include infant stimulation programs, Head Start, therapeutic day care, homemaker care, early childhood or child development programs, nutritional services, and youth counseling programs. Few child protective programs now offer such services in sufficient amount or quality. Less than six percent of all substantiated cases receive a referral to programs like day care or Head Start.

Yet the available evidence indicates that many child development efforts, such as preschool programs, can make lasting improvements in the social and educational functioning of the children they serve. In the best known program, the Perry Preschool Project of Ypsilanti, Michigan, researchers began tracking 123 three- and four-year-

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old students in the 1960s to determine whether a five-day-a-week program, for one or two years, reinforced by teacher visits to the home, would make a difference in the lives of impoverished children.

The result was that the children who had the preschool experience fared much better than a control group without this exposure. Employment and postsecondary education rates for the Perry students were almost double that of the control group; the high school graduation rate was almost one-third higher; teenage pregnancy rates were almost half; and arrest rates were 40 percent lower. Many other preschool programs have also reported impressive success in raising the social and educational functioning of disadvantaged children.

Social Pay-offs

For the foreseeable future, the competition for reduced social service funds will be intense. Programs, like child protective services, that serve the politically powerless, are in the greatest jeopardy. So proposing an expansion of "compensatory services" for children may seem like whistling into the wind.

Foster care, however, is also expensive. Family foster care costs an average of $10,000 a year per child. Institutional care costs about $20,000 a year. Six years of one child's foster care placement (the national median), costs an average of $68,000. Nationally, foster care costs states and the federal government almost $3 billion a year.

For each child not placed in foster care, and instead provided with, for example, quality preschool services, there would be about an even trade-off in costs. Child development programs capable of "compensating" for parental inadequacies would be expensive—the Perry Preschool Project, for example, cost $5,000 per child per year. Although this is about half the cost for family foster care, the substitution of the one for the other would not necessarily result in a large saving. A large proportion of children in foster care were on public assistance before their placement; when they are placed, the welfare grant and other cash and non-cash benefits to their parents are reduced.

There could be a major social pay-off, however, if poverty-related cases of emotional and social deprivation were handled without any recourse to foster care. This would reduce the foster care rolls by 30 to 50 percent and save as much as $1 billion. More important, children would be provided the protection they need, and many children would avoid the harmful experience of foster care.

Furthermore, although the proposed approach would not in itself improve the system's fundamental inability to treat maltreating parents, it would encourage a greater—and long overdue—focus on meeting the child's long-term developmental needs.

Concentrating resources on at-home, compensatory programs for children would be a radical departure from current practice. But it would not require complicated statutes and might gain widespread official support. In the past, child protection professionals and agencies have felt threatened by proposals to reform foster care practices, and therefore often have lobbied strenuously against them. But they would be well positioned to provide the kinds of compensatory services that could be funded by the money saved by reducing the misuse of foster care.

More resources could be focused on physically endangered children if we faced the reality that in many cases of deprivation, society is better off doing nothing.

No reform is possible, however, without first being honest about the problem, something child welfare professionals have been afraid to do. To make the case for change, they would have to tell the American public that almost 85 percent of the one million maltreated children we hear about have not been brutally battered, sexually abused, or physically endangered by serious neglect—even though it is these heartrending cases that have gained them continued increases in funding. Instead, they would have to argue for more social services for poor families—something for which there has been little public or political support.

Child welfare professionals would also have to tell the public how the system is harming poor children. And that will not be easy for them to do, because it might discredit their work. But if they do not educate the public, then socially deprived poor children will continue to be abused by the system that is meant to protect them.

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KANGAROO ECONOMICS

Will Budget and Trade Deficits Drive America Down Under?

DES MOORE

As a visitor from a country suffering the ill effects of a series of whopping public sector deficits, I am amazed to find widespread disagreement about the importance of addressing a similar problem here. The experience of Australia should sound a warning to the United States of the increasing risk of economic stagnation, and possibly even a major recession, unless the federal government moves quickly to reduce its budget deficit. It is vital to recognize that the deficit in the current account on international transactions is closely related to the budget deficit.

Australia has mortgaged its future by failing to recognize this. The once "Lucky Country" must now set aside close to three percent of its gross national product (G.N.P.) to service the overseas borrowing that has financed a domestic consumption spree over the last five years. The result has been a decline in foreigners' confidence in the Australian currency, and a plummeting of our citizens' purchasing power. The Australian dollar has depreciated by 35 percent in the last two years, and would have fallen much further without sharp rises in interest rates, which are now at least 10 percent higher at the short end, and six percent higher at the long end, than U.S. rates. Business investment has not responded to the improvement in international competitiveness, but has fallen to below 10 percent of G.N.P., from a recent peak of 12 percent in 1981-82. At this level, it is not adding sufficiently to import replacement or export enhancement capacity to produce a turnaround in the external deficit.

The crisis in Australia's economy is partly due to the collapse in world prices for minerals, grains, and other commodities that dominate the country's exports. More fundamentally, however, the crisis reflects a persistent failure to bring the growth of non-investment spending into line with the growth of income (adjusted for the fall in the terms of trade). This failure is in turn largely a reflection of Australia's fiscal policies over the last five years.

Australian Lessons

The country's recent troubles began in 1982-83 when the Liberal Party government, faced with a mild recession and an imminent election, cut income taxes, increased spending, and allowed increased borrowing by public authorities. The net public sector deficit blew out from 3.6 percent of G.N.P. in 1981-82 to a massive 6.2 percent.

The Australian public took the bribe, but then elected a Labor Party government, which proceeded to add to this stimulus in 1983-84 by increasing the net public sector deficit to 6.8 percent of G.N.P. Since then, Labor has been able to reduce the deficit slightly each year. But with two further cuts in income taxes and higher interest costs, the current year's estimate remains at a high 4.5 percent of G.N.P.

The key effect of this ongoing fiscal stimulus has been to increase the current account deficit from four percent of G.N.P. in 1982-83 to around six percent in the current financial year, and to increase Australia's gross external debt from about 20 percent to about 40 percent of G.N.P. Moreover, this external borrowing has not been used to finance capital investment for the future production of tradeable goods and services. Instead, the bulk of the increase in foreign debt went to finance additional private consumption and government spending.

The first two years of fiscal stimulus had few obvious adverse effects. In fact, even though the current account deficit was running well above historic levels, until early in 1985 the exchange rate was appreciating and interest rates were coming down. But since then, as high interest rates and other factors have inhibited business investment, Australia has been paying the price in terms of reduced living standards and a reduction in future growth potential. The inadequate policy response and a mounting debt service burden have already produced a number of financial minicrises. They threaten recurring crises and, possibly, a major recession.

U.S. Parallels

In the absence of immediate attention to reducing the budget deficit, I fear the United States may be in for the same unhappy experiences as Australia. The United States, to be sure, has not experienced declining terms of trade as Australia has. But the expansion of the budget deficit in the

DES MOORE *has just retired as deputy secretary of the Australian Treasury.*

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United States since 1981 has had similar effects to Australian fiscal policy in increasing spending at a faster rate than output, resulting in an excess of imports over exports, and a rising level of external debt. There is no real mystery as to how this has come about. Increased borrowing by the government does not necessarily lead, at least in the short run, to a reduction in borrowing by the private sector. Instead, overseas savings have been sucked in to finance the excess of domestic spending (government plus private) relative to output.

It is readily apparent from table one (below) that there is a strong connection between America's current account deficit and the federal government's budget deficit. There would be little to worry about if the net capital inflows—including a reduction in lending by U.S. banks overseas—were being used primarily to finance additional investment in productive capacity in import replacement or export adding industries. But as the second table (next page) shows, since 1981, business fixed investment has declined slightly relative to G.N.P. while personal and government spending have increased significantly. As in Australia, the United States has been living beyond its means by borrowing from overseas to finance an increase in spending that has not been matched by an increase in output or investment. The burden of servicing net external debt is already over 0.5 percent of G.N.P.

By adding to personal disposable income through tax cuts, the larger budget deficit has contributed directly to the relative jump in personal expenditure on consumption and housing after 1981. This spending further reflected the strong increase in consumer borrowing as deregulated financial institutions competed vigorously to extend consumer credit, as the increasingly accommodating monetary policy which the Federal Reserve Bank has pursued since 1982 reduced interest rates, and as consumers continued to be able to deduct all interest from taxable income (now limited to mortgage interest).

Why have consumers increased their borrowing to such an extent? A major factor may be an attempt to maintain real living standards in the face of slower growth in real incomes, which has in turn reflected a slowdown in growth in productivity. Consumers would have felt "comfortable" about accepting higher debt in circumstances where a continued rise in real asset values since 1981 has resulted in continued growth in their real net worth. Nonetheless, the sharp rise in debt relative to personal income creates a potentially unstable situation, particularly once asset values start to take greater account of the slower growth in national income. As the current collapse of farmland prices indicates, asset values can fall rapidly if attitudes change, particularly if foreigners become increasingly reluctant to add to holdings of dollar assets.

The best way to lessen the risk of such financial crises is to reduce the budget deficit, and thereby bring non-investment spending growth back in line with output growth. Some "natural" slowdown in the growth of consumer expenditures already appears likely in 1987, particularly for housing. But it would be a high-risk policy to rely on this slowdown being sufficient to produce an early turnaround in the external deficit, particularly when the Fed is pursuing an accommodating monetary policy in a deregulated financial environment and may feel little political alternative to doing so, given the sluggish performance of the economy. Any natural "slowdown" in personal spending may be no more than temporary and would do nothing to reduce the underlying fiscal/external imbalance.

Neither depreciation of the dollar nor pump-priming of demand in Japan and Germany is likely on its own to yield any permanent improvement in the American external balance. Without a substantial boost in U.S. productivity, a continued large U.S. budget deficit will tend inexorably to create a shortfall in domestic savings that will have to be made up by drawing on overseas savings, i.e., by persuading foreigners to increase their dollar holdings to finance U.S. consumption.

The Budget Outlook

The budget deficit for fiscal 1987 is likely to be around $175 billion (about four percent of G.N.P.) or even higher. For fiscal 1988, the administration is reportedly projecting a deficit of $162 billion on the basis of existing spending programs and assumed falling interest rates. The deficit under these assumptions would fall to $102 billion in 1991, or about 1.5 percent of G.N.P. Using lower growth assumptions more in line with recent U.S. experience, the Office of Management and Budget is reportedly projecting a deficit of $171 billion in fiscal 1988, falling to only $162 billion in fiscal 1991, still three percent of G.N.P. The deficits would be much higher if growth is lower or if there is a year of no or negative growth.

In the absence of major government spending cuts and/or tax increases, the growth of domestic non-investment spending therefore threatens to continue to be out of line with the rate of growth of national output. Moreover, the longer that remedial fiscal policy action is delayed, the greater is the risk of a major recession. As has often been observed, if the United States doesn't take action itself, the financial and foreign exchange markets will make the nec-

The Twin Deficits Connection
Percent to G.N.P.

Calendar Year	Budget Deficit	Balance On Current Account
1979	-0.6	-
1980	-2.2	+0.1
1981	-2.1	+0.2
1982	-4.7	-0.3
1983	-5.2	-1.4
1984	-4.7	-2.8
1985	-4.9	-2.9
1986 (est)	(-5.0)	(-3.4)

Graph by Karen Portik.

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essary adjustments. The mechanism, as in the case of Australia, would be increasing upward pressure on real interest rates, and downward pressure on the exchange rate, as borrowing and debt increased relative to national income. At some point, the higher real cost of borrowing, either "forced" by capital markets or by a tightening of monetary policy to steady the exchange rate and/or control inflation, would reduce the growth in national spending, with the risk that a sharp reduction would result in widespread incapacity to service the high corporate and consumer debt, bringing about an economic and financial crisis.

The Case Against Early Reduction

Those who oppose giving top priority to an early major reduction in the budget deficit fall into three main camps.

First, there are the Keynesians, who see a withdrawal of fiscal stimulus as inappropriate at a time of already sluggish growth. An extension of this argument is that the growth in U.S. spending in recent years has been a major force in sustaining world trade and economic activity in other countries, and that a withdrawal of this stimulus now could induce a world recession, exacerbating developing countries' debt servicing problems and thereby threatening the stability of the U.S. banking system.

It has to be acknowledged that an early, major reduction in fiscal stimulus could well dampen U.S. and world economic activity in the short term. What Keynesian arguments fail to address, however, is the increasing risk that a continuation of the U.S. fiscal/external imbalance will lead to economic stagnation or, possibly, a major recession a bit further down the track. In short, the United States is faced with the classic trade-off between "short-term pain for longer-term gain" and the prospect of steadily increasing pain with the risk of a collapse and a long convalescence.

The second group may loosely be characterized as "public choicers" who support reducing the budget deficit by cutting government spending but not by raising taxes. This group essentially argues that an increase in taxation would simply give politicians more spending money, and lead to future increases, not reductions, in the size of government. Even during the Reagan Administration, with its commitment to small government, there has been an increase in federal, state, and local government outlays relative to G.N.P. So in the event of a tax increase, it may seem likely that politicians would spend the additional money on benefits to interest groups and constituencies.

In considering this argument, however, it is helpful to examine the sources of the 2.8 percentage point increase in the federal deficit as a percentage of G.N.P. that took place from 1981 to 1985. Of this total, 1.6 points are due to an increase in outlays, and 1.2 points to a relative decline in revenues. Of the 1.6 point rise in expenditures, one point is in defense, and 0.9 points in interest, while Social Security and other non-defense spending actually declined as a share of G.N.P. by 0.3 percentage points. The recent expansion in the deficit, in short, results not from a massive increase in spending for interest groups but rather from a failure to cut domestic spending to compensate for defense increases and tax cuts. Given the apparent national concern over the deficit, it would be surprising if politicians were now to use a tax increase to add to spending programs for interest groups. A tax increase could be devised that would be conditional on the proceeds being used to reduce the deficit and the growth of the national debt.

A third group, the supply-side economists, argue that a

Major Components of G.N.P.

Percent to G.N.P.

	Personal Spending					Business
	Consumption	Housing	Total	Govt (a) Spending	Total (3) + (4)	Fixed Invest
	(1)	(2)	(3)	(4)	(5)	(6)
1979	62.5	5.5	68.0	18.7	86.7	12.1
1980	63.4	4.5	67.9	19.4	87.3	11.8
1981	62.7	4.0	66.7	19.3	86.0	12.1
1982	64.8	3.3	68.1	20.3	88.4	11.6
1983	65.6	4.5	70.1	19.8	89.9	10.5
1984	64.5	4.8	69.3	19.5	88.8	11.1
1985	65.0	4.8	69.8	20.4	90.2	11.5
1986(est)	65.6	5.1	70.7	20.4	91.2	10.9

(a) Direct purchases of goods and services only i.e. excludes transfer payments.

Graph by Karen Portik.

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tax increase to reduce the deficit would not have the desired effect of reducing national spending and boosting domestic saving. This objection is sometimes based on the idea that taxpayers adjust their own private spending in accordance with rational expectations of future government policies. Under this theory, taxpayers increase their private saving when they anticipate that higher government borrowing to finance higher expenditures will lead to higher taxation in the future. Conversely, a tax increase solely to reduce the deficit would, on this argument, result largely in lower private sector saving, leaving total national spending and saving (and hence the current account deficit) largely unaltered.

This theory attributes to the man in the street a prescience and rationality that seems inherently improbable. Moreover, empirical evidence points against the idea. In recent years, the household savings ratio has been declining and consumer borrowing increasing, precisely the opposite of what the rational expectations theory would predict at a time of expanding government deficits.

An alternate supply-side objection is that the disincentive effects of a tax increase would reduce total output, and hence total savings by the private sector. There may well be some such disincentive effects, but it is much more likely that the growth of consumer spending would be reduced more sharply than private saving, thereby reducing or eliminating the current account deficit.

Further, any disincentives to work from tax increases could be at least partly offset by greater incentives to invest. These would result from the lowering of real interest rates and the generally improved climate of business expectations that should flow both from a substantial reduction in the deficit and a return to a more stable exchange rate environment that would accompany a much-reduced current account deficit. Business investment, particularly in the traded goods sector, is significantly constrained at present by uncertainty over where and when the dollar exchange rate will settle, and by real interest rates which, while below their 1982 peaks, remain relatively high in historical terms.

What Is Needed

A country as wealthy as the United States could go on for some time borrowing overseas to sustain consumption rates that are higher than output. The United States thus has more breathing space to adjust policies than do smaller countries, such as Australia, that are more exposed to the judgments of international financial markets. But this breathing space will not last forever. The longer that domestic and external debt are allowed to increase relative to G.N.P., the greater is the risk that high real interest rates will bring economic stagnation or even a major recession.

The expansion in the deficits results from a failure to cut domestic spending to compensate for defense increases and tax cuts.

As the leading capitalist economic power, the United States has a key role to play in pursuing responsible macroeconomic policies. There seems little doubt that existing U.S. macro policies, rather than Japanese or German policies, have been the major cause of instability in world exchange and interest rates. If excess U.S. spending were to be eliminated, there may be some short-term damage to U.S. and international economic growth, but this would be more than compensated for by the greater assurance of sustainable growth in the medium term. In due course, there would also be a return to what might be regarded as a more normal situation for the wealthiest country in the world, namely the state of being a net exporter of capital.

The key point is that the United States must give first priority to reducing the budget deficit, preferably through cuts in non-defense spending but if necessary through a tax increase, while at the same time protecting the long-term security of the United States and the Western alliance by ensuring provision for defense. Failure to effect an early major reduction in the budget deficit would run a real risk that a deteriorating economic performance could destroy the credibility of longer term policies directed at reducing the role of government, and could undermine the security of the United States and the Western alliance by failing to provide an adequate defense.

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DEPARTMENT OF DISINFORMATION

TRIBUTES TO TOTALITARIANISM

MICHAEL JOHNS

If one fact emerged from last summer's debate over whether or not the United States should be supporting the growing democratic resistance in Nicaragua, it was that the Sandinista regime has spent the last seven years creating a totalitarian system that rivals any of its Communist counterparts. The Sandinistas have expelled priests and harassed the Catholic Church. They have closed down all independent media, destroyed the independent labor movement, turned the schools over to revolutionary indoctrination, and created a Soviet-style political system. Over 350,000 Nicaraguans—in a country of only 2.4 million—have fled their nation for squalid refugee camps in Honduras and Costa Rica. Another 18,000 have picked up arms against the Sandinistas, making the Nicaraguan resistance the largest Latin American rebel group since the Mexican Revolution.

Furthermore, the Sandinistas have turned Nicaragua into a Soviet client state that serves as a destabilizing force throughout Latin America, supported by $400 million a year in Soviet military hardware. They have pronounced their solidarity with terrorist organizations around the world—from the Palestine Liberation Organization and Libyan hit squads to the Basque E.T.A. and Italy's Red Brigade. They continue to support Leninist revolution throughout Latin America in El Salvador, Honduras, Guatemala, Colombia, and other countries.

The consolidation of a totalitarian state in Nicaragua would have been less possible if major figures in Western politics, media, academia, entertainment, and religion had been more honest in their assessment of the Sandinista revolution and its aftermath. Instead, many of these figures bent over backward to apologize for and distort the nature of the Sandinista regime. Many continue to do so. What follows are some examples:

Alan Riding, *New York Times*, August 25, 1978

Although many members of the Sandinist guerrillas are Marxist, they have frequently said that socialism could not come immediately to Nicaragua and that a return to democracy is their aim.

The New Republic, September 16, 1978

Certainly there are hardened Communists among the leaders of the Sandinista guerrillas, but it is not a foregone conclusion that they would rule Nicaragua if Somoza decided to leave the country. The opposition also now includes businessmen, lawyers, teachers, and the clergy.

Walter Goodman, *New Leader*, September 25, 1978

The continuing guerrilla effort may hasten its [the Somoza regime's] demise, and what is bad for the Somozas, surely is good for Nicaragua.

Alan Riding, *New York Times*, October 27, 1978

The moderate or 'insurrectionist' faction of the guerrillas also includes many non-Marxist students, peasants, and workers, and its leaders have frequently stated that their immediate objective is the establishment of democracy and not socialism in their country. This faction is the strongest guerrilla military force.

Karen DeYoung, *Washington Post*, May 30, 1979

[Tomas] Borges [sic] has been considered one of the doctrinaire Marxists within the pluralistic Sandinista leadership. Yesterday, however, he pledged that the Sandinistas 'do not propose a socialistic scenario, but rather a democratic one,' with early elections.

Alan Riding, *New York Times*, June 15, 1979

A doctor in the group praised the young rebels. 'They're not Communists,' he said. 'That's a fairy tale that Somoza invented and only the National Guard believes.'

Karen DeYoung, *Washington Post*, July 21, 1979

While the junta's program remained vague, today's inaugural and victory speeches contained little to sustain fears shared by the United States and conservative Nicaraguans that the country will move far to the left. Rather, the junta members and guerrilla leaders spoke of unity, the elimination of vestiges of Somoza, and the hard task ahead of reconstructing a devastated country.

MICHAEL JOHNS *is assistant editor of* Policy Review.

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Photo by Steve Johnson

Over 350,000 Nicaraguans have fled Sandinista repression for refugee camps in Honduras and Costa Rica.

Karen DeYoung, *Washington Post*, July 21, 1979
The [new Sandinista] laws project the new government as highly moralistic, concerned about state security, [and] politically liberal in a social democratic mold.

Headline, *The New Republic*, July 21-28, 1979
A Victory for Freedom. . . .

Stephen Kinzer, *The New Republic*, August 4-11, 1979
The junta and Council of State are likely to govern the country for several years before elections are held. Though there is some disagreement on how long this period should be, most of the suggestions are for a period of rule by the junta of two to four years. Then there are supposed to be elections for a constituent assembly. That assembly will write a new constitution that will be based on a presidential system similar to that used in the United States. After the constitution is ratified, the assembly would set a date for the first post-Somoza political election.

Tad Szulc, *New York Times*, August 7, 1979
Nicaragua will be a leftist, nonaligned nation, but this should not be equated with Communism. While principal members of the Sandinist leadership in Managua are of Marxist persuasion, they belong to different tendencies, with Marxist moderates probably in ascendance—certainly for the time being.

Time, August 13, 1979
Although they maintain friendly relations with their rebel counterparts in Central America, Nicaragua's new rulers appear too preoccupied by their internal problems to lend much assistance to their cause.

Richard J. Meislin, *New York Times*, August 20, 1979
The government offers political education through its newspaper and radio station but mainly through the 'Sandinist defense committees,' which are neighborhood political organizations that direct emergency food distribution and clean-up and reconstruction projects.

Charles Krause, *Washington Post*, August 22, 1979
The ruling revolutionary junta put into effect today a provisional bill of rights that provides for almost all the basic rights guaranteed in the United States and promises social programs that would go beyond those available in many Western democracies.

Charles Krause, *Washington Post*, September 8, 1979
The new government has, in the opinion of most observers, pursued a moderate course. . . .

William M. LeoGrande, *Foreign Affairs*, Fall 1979
The [Sandinista] program guarantees freedom of press, speech, and association, including the right to organize political parties irrespective of ideology.

William M. LeoGrande, *Foreign Affairs*, Fall 1979
There is a danger that the wishful thinking and selective perception which plagued U.S. policy during the insurrection will now be transformed into a 'worst-case' mentality which sees in every progressive measure adopted by the provisional government evidence of 'another Cuba.'

William M. LeoGrande, *Foreign Affairs*, Fall 1979
Even if Nicaragua adopts a socialist model of development, i.e. becomes 'another Cuba' domestically, it does not

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Prudencio Baltodano Selva, a Nicaraguan peasant, had his throat slit and ears sliced off by the Sandinistas.

follow inexorably that it would become 'another Cuba' in its foreign alignments.

New York Times editorial, June 10, 1980
A sharp swerve to the left [by the Sandinistas] is always possible, but for the moment there seems a genuine commitment to pluralism at home and nonalignment abroad.

Alan Riding, *New York Times*, July 20, 1980
The regime's commitment to socialist revolution continues to be tempered by recognition that no ideology provides simple answers to Nicaragua's complex economic and social challenges. . . . Their rhetoric, above all in foreign policy, remains leftist, but their policies are pragmatic or at times, even conservative.

Representative Barbara Mikulski, *Baltimore Sun*, February 24, 1981
On the plane trip to Central America, I compared the information given to me by State [Department] with the package given me by the religious community working in Central America. I learned more concrete information from a Maryknoll handout and *Christianity and Crisis* magazine than I had from my own government.

Michael Harrington, *New York Times*, July 16, 1981
I came back [from Nicaragua] far more ashamed of my country than at any time since the Vietnam war. The Nicaraguans . . . want to make a truly democratic revolution and it is we who subvert their decency.

Maria Pallais, *The Nation*, October 30, 1982
Though moderation was among the Sandinists' initial goals, this threat from the Honduran border is forcing the revolutionary regime to increase its army and acquire sophisticated weapons.

Gunter Grass, *Our Backyard*, 1983
. . . in this tiny, sparsely populated land . . . Christ's words are taken literally.

Witness For Peace (Tucson, AZ), *Nicaragua: What They Say—What We Saw*, July 1983
We have satisfied ourselves that the overwhelming majority of Nicaraguans support—and are ready to defend with their lives—the Sandinista regime that led them to victory over tyranny and restored the rule of law, a sense of personal dignity, and a respect for human rights.

Witness for Peace (Tucson, AZ), *Nicaragua: What They Say—What We Saw*, July 1983
The Comandante [Tomas Borge] was asked to speak. He charmed his fellow Nicaraguans as well as the entire U.S. delegation. The only English he used was in his conclusion when he said, 'We love you,' and all knew he meant it.

Representative Tom Downey, *Congressional Record*, July 28, 1983
It is the millions of poor, innocent people who would like to live in peace, have something for their families, that should concern us first—not whether we lose or win in Nicaragua, but whether or not these people can live a life of hope and opportunity. They can live a life of hope and opportunity, Mr. Chairman, if we stop the killing.

Christopher Hitchens, *The Nation*, August 20-27, 1983
One wonders why there has been no mass exodus from Nicaragua since the revolution, and why it is that the streams of refugees from El Salvador are running from their own government.

Father Richard Preston, *Daily Hampshire Gazette* (Northampton, MA), September 29, 1983
The reign of God has arrived in Nicaragua, as well as the reign of truth, hope, and justice.

Geoffrey Fox, *The Nation*, November 26, 1983
People's power means mass participation in local government and in the day-to-day administration of civil institutions, which is just what the Sandinistas' opponents would take away. Thus, many workers and *campesinos* fear that elections might mean not more democracy but less—especially if they brought to authority groups that would reprivatize industry and restore full decision-making power to the owning class.

Tom Frieden, *The Nation*, December 17, 1983
If we are interested in stable and humanitarian allies, the Nicaraguan government, one of the few in Central America with enthusiastic support of its people, is a good candidate.

Tom Frieden, *The Nation*, December 17, 1983
What Sergio Ramirez Mercado, a novelist and member of the governing junta, calls the 'logic of the majority' has improved the lives of most Nicaraguans. They have better food, housing, education, recreation, working conditions, and health care.

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Reuters/Bettmann Newsphotos

The independent newspaper *La Prensa* was harassed, censored, and finally eliminated by the Sandinistas.

Tom Frieden, *The Nation*, December 17, 1983

In response to sabotage, to reports between journalists, trade unionists, and the C.I.A., and to the rapid growth of evangelical religious sects which preach that community organizations are Communist and that Communists go to hell, the Sandinistas have curtailed civil liberties.

Representative Matthew Martinez, *Congressional Record*, February 9, 1984

At first the revolution in Nicaragua was welcomed by leaders of this country. But when the Nicaraguan leaders looked beyond the American style of democracy to establish a unique, indigenous form of government tailored to accommodate the needs of that nation, the revolution was declared as having been lost to Soviet-Cuban ideology and subsequently targeted for U.S.-supported subversion and terrorism. I say that this perception is wrong. Revolutions take time to mature. . . .

Judy Butler, *Nicaragua Through Our Eyes*, Volume 1, Number 6

When, as in the case of Nicaragua, the populace, under the leadership of a revolutionary organization such as the F.S.L.N., takes matters successfully into its own hands, how do we justify our government's attempt to reverse that self-determination?

Lord Kennet, foreign affairs spokesman for Britain's Social Democratic Party, 1984

The [Nicaraguan] elections were technically correct and the voting system extremely well thought out and a little bit superior to what we do in Britain.

Letter from 10 Democratic House members to junta coordinator Daniel Ortega, March 20, 1984

We want to commend you and the members of your government for taking steps to open up the political process in your country. The Nicaraguan people have not had the opportunity to participate in a genuinely free election for over 50 years. We support your decision to schedule elections this year, to reduce press censorship, and to allow greater freedom of assembly for political parties.

Representative Don Bonker, *Congressional Record*, July 28, 1984

Twenty-five years ago, we Americans experienced considerable discomfort with Castro coming to power and the installation of a Communist government next to our borders. Did that in itself threaten our security? Castro has failed miserably in seeking to export his revolution in the intervening years.

Richard Falk, *The Nation*, July 20, 1985

. . . it seems imprudent for a progressive interpreter of Central America to dwell on the deficiencies of the Nicaraguan revolution. . . .

Senator John Kerry, *Congressional Record*, April 23, 1985

Mr. President, I share with this body the *aide memoir* which was presented to us by President Ortega . . . he emphasized a guarantee of respect for non-intervention in the internal affairs of other countries, a respect for the principle of self-determination, guarantee of the non-use of force or threat of force in relations with other countries, and the requirement of non-cooperation with individuals

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Photo by Gary Moore

The Sandinistas have destroyed many Miskito villages, forcing the survivors into relocation camps.

who seek to overthrow other governments. Here, Mr. President, in writing, is a guarantee of the security interests of the United States.

Saul Landau, *Newsday*, July 1, 1985

Nicaragua is not a Marxist-Lenninist [sic] government, and the Sandinista party, the F.S.L.N., is not a Communist party. Private property prevails; religion flourishes; an opposition press, although censored, publishes harsh, anti-government articles, and Western-style elections were held last year.

Mary McGrory, *Washington Post*, October 22, 1985

Nicaragua's ability to 'export revolution' is a fiction invented by those who want Ortega to say 'uncle.'

Bishop Thomas Gumbleton, *MacNeil/Lehrer News Hour*, March 4, 1986

They [Nicaragua] are gradually becoming a free nation where they have a chance to share in the wealth and the resources of the nation.

Shirley Dare, St. Louis General Board of Church and Society, May 1986

It [Nicaragua] is such a small country; I think it reflects the New England town meeting kind of organizational structure in which local people certainly do have direct influence in the governmental politics.

Michael Parenti, *Covert Action*, Summer 1986

The [voter] turnout in the United States in the 1984 election was a little less than 53 percent of the eligible voters, one of the lowest of any western nation . . . In contrast, voter turnout was nearly 82 percent in Managua and 75.4 percent in Nicaragua as a whole. In short, there is a greater plurality of ideas, ideologies, and debate in Nicaragua than in the United States.

Michael Parenti, *Covert Action*, Summer 1986

By every major democratic criterion, Nicaragua comes off looking better than the United States.

Joan Parajon, *Yankee Sandinistas: Interviews with North Americans Living and Working in the New Nicaragua, 1986*

I like him [Minister of the Interior Tomas Borge] very much. He's one of the people I like most in the government. He is a warm, loving person. He always mixes Bible verses in his speeches.

Ed Asner in Milwaukee, WI, July 19, 1986

[*La Prensa* was shut down not because] it criticized the government but because it printed lies about potential shortages and alleged social difficulties that sapped the people's morale.

Monsignor Pedro Casaldaliga and Bishop San Felix de Araguaia of Brazil, *Mesoamerica*, September, 1986

There is no 'civil war' in Nicaragua. To say so, or even to think so, would represent a stupidity of perception or even a perverse complicity.

Neil Kinnock, British Labour Party leader, in Blackpool, England, September 30, 1986

The people of Nicaragua are still struggling to keep their infant democracy alive against the attacks of terrorists armed and funded by the government of the United States. What makes a great country like America, itself born in revolution, finance the evil people who murder the innocents in Nicaragua?

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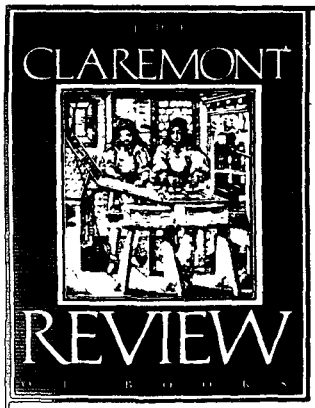

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THE PEOPLE'S COURT

Do Americans Understand the Constitution the Way the Supreme Court Does?

A POLICY REVIEW/SINDLINGER POLL

Numerous polls have indicated that the American public disagrees with the Supreme Court on a number of crucial issues. For example, there is overwhelming public opposition to busing, and overwhelming opinion in favor of prayer in school. Yet the Supreme Court has forced busing on numerous communities, and it outlawed any form of organized prayer in public schools. Other issues, such as the death penalty, abortion on demand, and free speech suggest significant gaps between what the public thinks and what the Court rules.

The problem with these data, however, is that their relevance is not at all clear. After all, the Supreme Court claims to make decisions in light of the Constitution, and since the Constitution was created as a bulwark against popular passions and prejudices, it does not seem to matter if public predelictions happen to run against what the Constitution seems to say. It is fairly clear that the Constitution, not public opinion of the moment, should govern many of these issues.

In recent years, the question has arisen, what does the Constitution really say? Supreme Court rulings on various questions have not had an obvious relationship to the words in the constitutional text. This raised the prospect of a new kind of poll: one which would ask the American people not what they personally felt about issues, but what they understood the Constitution to say about these issues. Because the Constitution was created by and for the people, the public understanding of its content certainly seems germane. At the very least, it should help provide judges with an idea of the popular, commonsensical reading of the Constitution. Perhaps surprisingly, it turns out that on a number of important issues, the American people read the Constitution very differently from the Supreme Court.

The first question is about the pertinence of the views of our founding fathers to the present. Americans agree that the views of the founders are an important guide to addressing issues today: 80 percent thought the framers of the Constitution provide a "very reliable" or "somewhat reliable" guide to solving today's problems. Attorney General Edwin Meese, in calling for constitutional interpretation in light of the original intentions of the framers, is apparently arguing in accord with the majority of Americans.

The second question concerns pornography. The Supreme Court has held that local communities may regulate child pornography and may zone businesses which peddle pornographic material, but the anti-porn laws of a number of states have been struck down. In this, the public seems generally in line with the Court: there is a sharp division in polled opinion.

In question three, over 80 percent over the American people thought that organized prayer in public schools is permitted by the Constitution, as long as it is voluntary. On this question the American people strongly disagree with recent Supreme Court rulings. Since *Engel v. Vitale* (1962) and *Abington v. Schempp* (1963), the Court has ruled that prayer in public schools is unconstitutional. Justice Black's famous opinion in *Engel* warned of the historical dangers of mingling church and state. The American people either have not learned these lessons, or they feel that they do not apply to voluntary school prayer.

In the famous "Pentagon Papers" case, *New York Times v. United States* (1971), the Court ruled that only material which would do "direct, immediate, and irreparable harm" to the national security was subject to regulation. Generally, this has been a very strict standard, used to prevent only such egregious press actions as publishing a "how-to kit" for building an atom bomb. The response to this question may indicate that the American people believe the standard in free speech cases should not be so strict.

Some legal historians, such as Richard Epstein of the University of Chicago, have argued that certain redistributive New Deal programs violate the Fifth Amendment. The poll indicates that a solid majority of Americans (55 percent), disagree with these interpretations, and by implication agree with the Supreme Court. But on the question of rent control laws, agreement with the Court over property rights is less than a majority. While the Court has found these laws to be constitutional, 45 percent of Americans believe the Constitution makes rent control illegal.

On issues of crime, the poll indicates that Americans are uncomfortable with the suppression of evidence on Fifth Amendment grounds. Seventy-four percent thought that violations of *Miranda* procedures should not necessarily free defendants.

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Regarding prison overcrowding, the poll results indicate that 84 percent of Americans do not feel these conditions constitute constitutionally proscribed "cruel and unusual punishment." Few judges actually order the release of prisoners due to overcrowding. (One notable exception was a U.S. District Court judge for Alabama, who in 1981 ordered freedom for 574 prisoners, including murderers and rapists. Eventually his decision was blocked by the U.S. Court of Appeals.) These results, however, might provide food for thought among those in the executive branch who accelerate the parole of prisoners to avoid overcrowded conditions.

Question eight shows that Americans overwhelmingly feel the death penalty (73 percent) should not be considered "cruel and unusual punishment." This is in general agreement with Supreme Court precedents. Our poll found former chief justice of the California Supreme Court, Rose Bird, to be greatly out of step with her gender; women felt even more strongly than men (80 percent to 66 percent) that the death penalty passes constitutional muster.

Almost 80 percent of Americans disagree that there exists a constitutional basis for the preferential treatment of minorities. Yet among non-whites, the reverse is true; about 61 percent believe that the equal protection clause could imply that minorities should be shown preferential treatment in admissions and hiring. In most cases, the Supreme Court has ruled that schools or businesses may show preferential treatment. **William S. Smith**

Base—18 Years & Older 100.0

1. Are the founders a reliable guide?

This year we are celebrating the 200th anniversary of the Constitution of the United States.

From what you know about our Constitution as it was drawn up by our founding fathers, and thinking about their original ideas in relation to today's political problems, this is my question:

In your opinion, are the ideas of the founding fathers a very reliable guide for solving today's political problems? Or a somewhat reliable guide? Or are not a reliable guide to solving today's political problems?

1. Very reliable 32.6
2. Somewhat reliable 47.9
3. Not reliable 15.3
4. Don't know/refused 4.2

2. Is pornography protected by the First Amendment?

The First Amendment of the Constitution states, "Congress shall make no law abridging the freedom of speech or the freedom of the press."

Now let us think about the subject of pornography as published in books and magazines and other places within the community in which you now reside.

Do you feel that this "freedom of speech and of the press" phrase in the Constitution prevents local communities from regulating pornography?

1. Yes 47.3
2. No 46.6
3. No opinion/refused 6.2

3. Is voluntary prayer constitutional?

Organized prayer in public schools is constitutional as long as students are not required to say the prayer. Please answer "yes" or "no."

1. Yes 81.3
2. No 15.9
3. No opinion/refused 2.8

4. National security v. freedom of the press.

Let us now switch to the subject of national security again, keeping in mind this "freedom of the press" clause we just discussed.

In a situation where the press has obtained information which the government considers to be dangerous to national security, the question is: should the press be allowed to print such information or do you feel the press should not be allowed to print such information?

1. Yes should print 32.3
2. No should not print 66.7
3. No opinion/refused 1.0

5. Does the Constitution require courts to ignore improperly obtained evidence?

The Fifth Amendment states that a person shall not "be compelled in any criminal case to be a witness against himself."

As you know, there have been cases where a criminal defendant has been arrested and makes statements or confessions of guilt that would convict him or her in a criminal trial. But the defendant does this before the police properly informed him of his constitutional rights.

Some people say that statements or confessions of guilt made by a criminal defendant can be used as evidence against him as long as the statements were voluntary and were not forced out of him by the police. Do you agree?

1. Agree, evidence can be used 74.4
2. Disagree, evidence cannot be used 23.6
3. No opinion/refused 2.0

6. Are taxes unconstitutional?

The Fifth Amendment states that private property shall not "be taken for public use, without just compensation."

Does this mean that it is unconstitutional for government to take tax money from a person unless that person directly benefits from the government program being funded? Do you agree or disagree?

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1. Agree is unconstitutional 28.4
2. Disagree—is not unconstitutional 55.1
3. Neither of the above 16.0
4. No opinion/refused 0.5

7. Is prison overcrowding "cruel and unusual"?

The Eighth Amendment says that "cruel and unusual punishments" shall not be inflicted on those convicted of crimes.

Today we have a situation where certain prisons have become very overcrowded. In your opinion, should judges allow certain prisoners who have not served their full sentence to go free because to keep them in a crowded jail or prison would be "cruel and unusual punishment"?

1. Yes, allow them to go free 12.2
2. No, not allow them to go free 84.8
3. No opinion/refused 3.1

8. Is the death penalty unconstitutional?

The Fourteenth Amendment reads that states shall not "deprive any person of life without due process of law."

In your opinion does this language imply that if someone receives due process of law his life may be taken? In other words, if someone is convicted of a crime and received a fair trial, do you agree or disagree that person under the Constitution can be given the death penalty?

1. Agree, death penalty is constitutional 73.6
2. Disagree, death penalty is not constitutional .. 23.1
3. No opinion/refused 3.3

9. Is racial preference consistent with equal protection?

The Fourteenth Amendment also states that government shall not "deny to any person within its jurisdiction the equal protection of the laws."

In thinking of this amendment—on "equal protection of the laws,"

(A) When it comes to public school admissions—should the government show preferential treatment to minorities or should it not?

1. Yes, show preferential treatment 21.2
2. No preferential treatment 78.1
3. No opinion/refused 0.7

(B) When it comes to job hirings of minorities—should the government show preferential treatment or should it not?

1. Yes, show preferential treatment 18.7
2. No preferential treatment 79.5
3. No opinion/refused 1.8

10. Does rent control violate the contract clause?

In Article 1, Section 10, the Constitution reads, "No state may pass any law impairing the obligation of contracts."

In situations when governments pass rent control laws that alter the leases between tenants and landlords, do you consider this a violation of the Constitution?

1. Yes, this clause is violated 45.8
2. No, this clause is not violated 44.4
3. No opinion/refused 9.8

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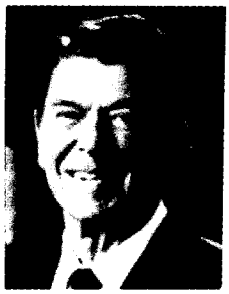

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The Price Of Citizenship

Auctioning Immigration Visas Helps Foreigners and Americans Alike

Julian L. Simon

We can make our immigration policy more equitable, more productive economically for U.S. citizens, and more beneficial to people in poorer countries, if we will accept a market solution. To wit: sell immigration visas to the highest bidders.

Under the present practice, admission depends mostly on family connections or, in a smaller number of cases, access to a high-priced immigration lawyer. This system benefits only those who have the proper relatives or employers willing to spend enormous amounts of money on legal fees. In contrast, selling immigration rights would allocate the visas impartially. An auction would ration scarce admission rights by price rather than by connections and by queuing.

Under existing policy, each country has a quota of 20,000 (40,000 for Canada and Mexico). This is inevitably unfair to residents of bigger countries and people in Asia. Unmarried sons and daughters of U.S. citizens receive "first preference" (up to 20 percent of the total admitted from all countries), and use up many countries' entire quotas. Spouses and unmarried sons and daughters of permanent resident aliens have second preference, 26 percent of the total. Members of the professions, scientists, and artists are third in line, for up to 10 percent of the total. Fourth preference goes to married sons and daughters of U.S. citizens (10 percent), fifth to brothers and sisters of U.S. citizens (24 percent), with sixth preference going to skilled or unskilled workers needed in the United States (10 percent). Refugees have their own ceilings.

Only about 57,000 people—including spouses and children of workers—are admitted under the third and sixth preferences, which are designed for the economic advantage of the public at large. And whereas before 1965, it was up to the Department of Labor to show that a prospective immigrant employee would have an adverse impact on the native labor force, the burden is now on the prospective employer to "prove" that an American citizen cannot be found who could and would do the job. This is a messy task, frequently requiring employers to run a series of classified advertisements in national publications, and to solicit applicants for the job, with responses going to the Immigration and Naturalization Service. The applicant himself must have an interview with the I.N.S. to prove he is qualified for his job, and another interview with the Department of Labor to show that no one else could do the work. It usually takes a year or two of paperwork. In one not atypical case, it took 11 years for a Chinese restaurant in Ohio to get the necessary papers for a chef it wanted from Hong Kong.

Contrast this complicated and cumbersome system with the simplicity of an auction. The starting point would be a worldwide immigration quota, which for political convenience could at first be the same size as present. The most straightforward approach would be to ask for written bids from all comers, anyplace in the world, perhaps twice a year. Then we would rank the bids from high to low. We would notify enough high bidders to fill the quota, plus enough more to make up the shortfall due to high bidders changing their minds. Under one variant, each immigrant would pay the amount he bids. Under another variant, each would pay the amount of the lowest winning bid. Refugees, of course, would not have to pay.

No relatives could be brought in without paying the auction price for them as well; the bidder would take this into account when submitting a bid. Only in this fashion can the system remain free of the family-connections chain migration which now dominates immigration.

The Advantages for Americans

The plan's main advantage to U.S. natives is that an auction would identify those prospective immigrants most likely to produce goods of high economic value while working in the United States. This is because people who would produce the largest economic profit for themselves—and inevitably for natives as well—by moving to the United States would pay the most for the right to immigrate. The genius of the auction system is that it automatically selects those who have most to gain by winning bids. And those auction winners are the people who

Julian L. Simon *is a professor of economics at the University of Maryland. He is the author of the forthcoming* The Economic Consequences of Immigration into the United States.

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have the most to contribute economically to the rest of us.

A point system based on education and occupation would also discriminate among potential immigrants by their economic worth to natives; Canada has such a system. But rationing by auction has all the best features of a point system and more, because it *self-selects* people who have the best chance of economic success. High bidders can and will take into account not only the demand for their occupations, but also their personal talents and their willingness to work hard for success, characteristics that cannot be easily established objectively with a point system. Additionally, the payments from the winning bidders will transfer a considerable part of the "profit" from the pockets of the immigrants to the pockets of the natives.

The amounts of money would be significant. Gary Becker of the University of Chicago calculates that at $20,000 per immigrant—the discounted present value of a $2,000 "profit"by an immigrant each year, compounded at 10 percent—half a million immigrants would bring in $10 billion to the United States treasury every year. This could be used to reduce the budget deficit. Or it could be used to help the sending countries.

Charging a fee for admission would encourage immigrants to move when they are young and strong, because admission should have a higher future lifetime value for the young than the old. For a few, entry may just be an opportunity to live a pleasant and free life. But for most people, a large payment to purchase a ticket of immigration would simply represent an investment, an opportunity to make a lot of money in the large and rich U.S. market. This investment would be accompanied by further investment in business assets, an added benefit to U.S. natives. And an immigrant who makes a lot of money for his family will benefit the community by providing jobs and contributing taxes.

The Advantages to Immigrants

For prospective immigrants, the advantage of an auction plan is that it would offer all comers the same opportunity. There would no longer be any preference for those with the right family connections, or those from countries with few other would-be immigrants. Under the current system, as Chuck Lane recently pointed out in *The New Republic*:

> A German doctor (third preference) has to wait just nine months, while his Filipino counterpart has to wait at least 15 years. . . . Adult sons and daughters of U.S. citizens can get in right away—except for residents of the British Crown Colony of Hong Kong, which is still saddled with the 600-visa limit for dependent countries.

An auction system would eliminate all these distinctions. Any person in any part of the world would have the same opportunity to purchase a visa. No longer would there be arbitrary judgments by I.N.S. or Department of Labor examiners as to whether an immigrant is taking away a native American's job. Instead of discriminating on the basis of connections or national origin, an auction discriminates according to the standard of a market-oriented society—ability and willingness to pay.

Objections to an Auction

Some will worry that this system would benefit only the rich. But the purchase price need not be paid by current income. Immigrants without liquid assets could repay their admission fee, adjusted for carrying costs, out of future income; it would be collectible along with their income tax. The visa might also be paid by employers in the United States who want to bring in people of special talent, a most legitimate and socially valuable goal.

Moreover, admission-fee proceeds from high-bidders could be used to compensate prospective immigrants whose bids fall short. By admitting high-bidders and remitting to those poor persons who would otherwise have come the full value of their potential gains in the United States, the U.S. could improve the lot of both high-bidding immigrants and those whose bids didn't quite make it, while still having something left over for U.S. citizens. Such a procedure would come close to the economist's dream: a "Pareto improvement" in which everyone benefits.

An alternative would be to use some (or even all) of the auction proceeds to finance scholarships for poor and talented children and young adults from poor countries to study in schools and colleges in the United States.

A practical objection to an auction plan is that if it resulted in the legal immigration only of high-skill people, the United States would become even more inviting than now for low-skill people to enter illegally. Perhaps the best answer would be a an admission-by-fee plan *in tandem with* a guestworker program that would legalize the temporary hiring of unskilled labor.

But most objections to the rationing of admission stem from the same reluctance to use the market to ration such "merit goods" as food or gasoline in times of shortage. Selling admission smacks of trafficking in human flesh. It must be remembered, however, that the present system also "sells" citizenship with the agonizing waits for a visa, with the fees paid to immigration lawyers, and with the corruption to which the immigrant often falls prey.

The key to the efficiency of an auction system is that individuals are likely to assess their own economic capacities better than even the best point system; the latter process does not take into account many of the most important characteristics because they are not identifiable with demographic criteria. Those persons who will stake their own money upon correct identification of such capacities are the best possible bets to be high economic producers in the United States. And the fees from the auction would put considerable additional purchasing power into the hands of natives, while also providing opportunities for helping poorer people abroad.

In addition to providing economic benefits to Americans, an auction is less arbitrary, and thus fairer, than the existing policy, as well as most alternative policies short of open immigration. Any restrictions on immigration will keep out worthy people. Auctions keep them out more impartially than other procedures.

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TEXAS

Back to the Future

WILLIAM MURCHISON

For Republicans and conservatives across America, the day after the 1986 elections was dank and dreary. Not in Texas. There the sun was up—a little beclouded but recognizable, which in Texas these days is saying a lot.

Bill Clements, Texas's first Republican governor since Reconstruction, is back, four years after his eviction from the executive mansion by Democrat Mark White. Zesty and pugnacious as ever, Clements carried 53 percent of the vote in defeating White, a media-wise moderate touted in some circles (especially his own) for the Vice Presidency.

The Texas gubernatorial election was one of the year's most crucial contests from several standpoints. First, Texas is officially the third most populous state, with 29 electoral votes, and likely to wind up as the second most populous after the 1990 census. No Democratic President, from Wilson to Carter, has been elected without Texas's vote.

The governor, whatever his party, is well positioned to influence the outcome of a Presidential race—as did Clements in 1980, when he helped to wrest away from Jimmy Carter a state Carter had narrowly won four years earlier.

Referendum on Reaganomics?

It is more than a matter of just one state, however large and grand. Texas is the Sunbelt state par excellence—busy, bustling, traditionally Democratic in its politics but increasingly friendly to Republican candidates.

The choice of Dallas for the 1984 Presidential convention was powerfully symbolic. Hereabouts, the GOP was saying, lies the future. If Texas becomes a two-party state, any state can.

Economics too made the election crucial. Fair-weather voters are a familiar phenomenon. The kind of voters a party prizes—especially a party aspiring to forge realignment—are the reliable and enduring who decline to jump ship because of economic reverses. Voters should assume that such reverses are temporary, and that no drastic shift in economic course is warranted.

As it happens, Texas experienced in 1986 what Texans consider a disproportionate share of reverses. The boom of the late 1970s and early 1980s ended, not with a whimper but a bang. Oil prices fell by two-thirds; overextended real estate developers went into Chapter 11 bankruptcy, while their pet construction projects stood empty. The plight of the small farmer worsened. Layoffs and bank failures ensued, and also a humiliating state budget crisis.

The 1986 election in Texas could have turned into a referendum on Reaganomics. It didn't. More than anything else, it was a referendum on the staying power of southwestern Republicanism. And with Clements and many other candidates, the GOP made strong showings.

A previously unknown state district judge from San Antonio, Roy Barrera, age 34, won 47.2 percent of the vote against the Democratic attorney general, Jim Mattox, an aggressive liberal. Mattox had expected to win by 20 percentage points. He won by five. It is worth noting Barrera's name. He is Hispanic—the first to run statewide as a Republican. So is he solidly conservative (Clements named him originally to the district court bench in San Antonio).

Hispanics, though traditionally Democratic, gave Barrera 28 percent of their vote—a stronger showing than it sounds, given that just 16 percent voted for Clements. Barrera, in fact, performed significantly better than did all the other statewide Republican candidates, save naturally Clements. With more money—campaign cash being hard to come by in recessionary times—Barrera might have triumphed. As it was, he made himself a powerful future contender for high office. Some Republicans already are touting him for governor when Clements steps down.

Republicans maintained, though they failed to enlarge, their presence in the once monolithic Democratic Legislature. Of 150 House members, 56 are Republican; the 31-member Senate has six Republicans. This is far more help than Clements enjoyed when he was last governor.

The six new Republican congressmen elected in 1984—the so-called "Texas Sixpack"—all won reelection by comfortable margins. The Texas congressional delegation stands at 10 Republicans and 17 Democrats. Each party has a U.S. senator. What is fascinating is that the "Sixpack" represent, in addition to the Dallas and Houston suburbs, large slices of rural Texas, land of the "yellow-dog Democrat," as in "I'd-vote-for-a-yellow-dog-if-it-was-on-the-Democratic-ticket."

WILLIAM MURCHISON *is a columnist for the* Dallas Morning News. *His columns are distributed nationally by Heritage Features Syndicate.*

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Phil Gramm, running for Congress from the mostly rural Sixth District, was the first Republican to break the yellow-dog hex. Though he began political life as a Democrat, he converted in 1983, whereupon he resigned his House seat and won it back as as a Republican in a special election. When Gramm moved up to the Senate in 1984, he was succeeded by a fellow Republican, Joe Barton of Ennis. Barton this time around handily beat a conservative Democrat.

Previously, Texas Republicanism thrived in the cities, especially Dallas and Houston, and in parts of west Texas. But in 1984, President Reagan and Gramm dislodged the Democratic stranglehold on the rural counties, especially the Southern-accented counties of East Texas.

It was plainly no fluke. In 1986, Clements all but wiped out Mark White in east, west, and north Texas. Only in the predominantly Hispanic counties of south Texas did White fare well. Even in his home county of Harris (Houston) White won by a mere 30,000 votes out of 500,000 cast. The Texas Republican Party, it is plain, is moving ever more confidently, ever more successfully into "the sticks." Only enduring rural support can make of Texas a true two-party state.

So is gaining Hispanic votes. In Bexar County (San Antonio), which has a Hispanic majority population, Clements lost to White by only 1,500 votes—this, despite the fervent support given White by Henry Cisneros, the charismatic Hispanic mayor. Republicans in Dallas County elected a Hispanic judge and put up Hispanics, unsuccessfully, for several legislative seats.

Overshadowing the campaign was the state of the economy, and most of all, the state of the budget. Texans, until 1986, had embarked on a glorious spree. From the late 1970s well into the 1980s, the regnant assumption had been that the revenues from $30-a-barrel oil would pour endlessly into the state treasury.

Clements, while governor from 1979 to 1983, had asked for restraint. He had been soundly rebuffed. From 1979 to 1986, the state's biennial budget more than doubled from $15.5 billion to $37.6 billion.

There was just one problem. The state had been signing chits it couldn't cover. With the oil price drop that began early in 1986, it became clear that the state had recklessly committed itself to spend money that was far beyond its means to raise without disruption. The state comptroller's deficit projections by summer had reached $3.5 billion—almost 10 percent of the budget. White, after procrastinating, finally called a special session of the Legislature.

After much wrangling and posturing, the lawmakers cut spending $512 million for the present fiscal year, mostly ratifying voluntary cuts already proposed by the agencies. (As Clements skeptically noted, new cuts totaled only $43 million.) Sales and gasoline taxes were increased to raise an extra $872.3 million. Some bookkeeping changes were made, and permission was granted to borrow $600 million short term. For 1988-89, the comptroller now forecasts a deficit of $5 billion to $7 billion.

White's response was to call for raising taxes and to try to turn the budget issue against Clements: "If my opponent is elected, hundreds of black state employees will lose their jobs; 51,000 elderly Texans will lose medical assistance; daily meals for 91,000 people will be wiped out; 2,300 elderly citizens will be kicked out of nursing homes."

Bill Clements: "the George S. Patton of governors."

Clements's Agenda

Clements wanted to concentrate on the spending side. Taxes were raised recently and steeply, he said. He raised the specter of a state income tax—heresy in a state that taxes neither personal nor corporate income and is deeply, and rightly, proud of it.

What Clements said, again and again during the campaign, seemed to make sense to Texans: "You have to cut the cloth to fit the pattern." In other words, spend the money you have as prudently as possible. Here his reputation as a hardnosed businessman (founder and past president of Sedco, Inc., the international oil-drilling giant), was likely his most important personal asset.

Clements wants more prisons for an exploding miscreant population, and better universities to build a high-tech base. But as a businessman, he understands that while higher taxes bring more revenue to the state in the short term, they discourage investment which is a source of economic growth, as well as tax revenue. He knows, too, that the state's basic problem isn't too little revenue; rather, it's too many claims for the revenues it has.

Among his first acts after the election was to appoint a blue-ribbon panel of businessmen and economic experts charged with recommending ways to broaden and stimulate the economy.

You might not suppose that anyone would want to be governor of Texas next year. That is the engaging thing about Bill Clements—he's tickled at the challenge. Clements is the George S. Patton of governors: give him controversy, conflict, catastrophe. Anything but peace, boring peace.

It is a monumental opportunity that Governor Bill Clements has been given. The eyes of Texas are too bleary to be upon anyone these next four years; it is the eyes of Republicans and Democrats, all over America, that will be on Texas. ☎

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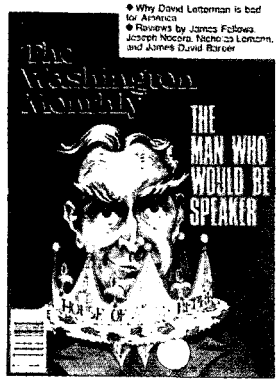

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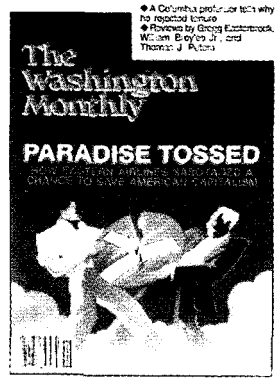

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BOOK REVIEWS

Beauty and the Beast

Men and Marriage, *by George Gilder (Pelican Publishing Company, $15.95).*

Reviewed by Harvey C. Mansfield, Jr

In this revision of his book *Sexual Suicide,* George Gilder continues and expands his lonely opposition to feminism. He is the one male who has the gall, or the courage, to say that "the woman's place is in the home." Because he is pretty much by himself, his arguments have certain bends, dents, and holes which will not be remedied by kicking him in a tender spot. I will try to follow a more cooperative policy, since the things Gilder studies concern us all and the things he says deserve a hearing.

Feminism has enjoyed a remarkable, almost unbelievable, success in the two and a half decades since its appearance in the books of Kate Millett, Germaine Greer, and Betty Friedan. Men have been utterly unwilling and unable to defend the oppressive privileges feminism denounced, thus justifying their elimination. Males have shown themselves to be a corrupt aristocracy, nothing more than a bunch of wimps, who surrender without a protest, much less a fight. Except for Gilder and one or two others, the only males who have been heard from are those who have deserted to the conqueror and are tolerated as useful idiots or kept as ideological gigolos. The only limits to the success of feminism have been those set by conservative women (above all Phyllis Schlafly) and by feminists with second thoughts about the dispensability of motherhood. But these concessions leave no doubt about the change in opinion that has made it no longer respectable to say that the woman's place is in the home.

Unisex is the new norm, and unisex means that the woman has no "place"; she has a choice. Gilder correctly traces this idea to its proximate origin in a passage in *The German Ideology,* where Marx and Engels announce that under Communism, men will no longer live their lives in exclusive spheres. Marx and Engels criticized the formalism of bourgeois equality by asking where it left workers who lived fragmented lives under the capitalist division of labor. The feminists follow the lead of Marx and Engels—while taking a swipe at their obvious sexism. They attack the male-dominated society that claims to live by the principle that all men are created equal; this principle, they say, remains a mere formality until we get serious about equalizing men and women. Equalizing, in their view, cannot mean protecting the separate roles and identities of men and women so as to render them equal through mutual dependence; this was the old-fashioned, separate feminism of the late 19th century responsible for the founding of women's colleges.

To this older feminism, (its self-assertion masked by its appeal to male gallantry) the new feminists object that to retain any formal roles for the sexes leaves an opportunity for one sex, no doubt the male sex, to dominate. For what has women's higher education produced, in the main, but educated housewives? To prevent this actual domination through formal roles, the unisex ideal provides for choice regardless of roles. Such choice, to be effective and exemplary, must be exercised against the traditional roles in the direction of unisex (the new term for androgyny). This means, as Gilder points out, that women do in effect have a role today—the paradoxical role of overcoming roles. According to feminism, the woman's place is outside the home until such time as the point is made that she has no place—*then* she can choose. By choosing now, a woman might inadvertently betray the cause of women, which is also in the present phase the cause of humanity. At the moment (for NOW), a woman has no choice but to be pro-choice.

The Sexual Constitution

Gilder's chief strength is to appreciate the radicalism of the rejection of sex roles. All previous societies, including the most liberal, have supposed that mother and father were separate, complementary roles that had to be filled by a female and a male, not by two females or two males. There was a noun for "parent." That we now speak sociologically of "parenting" shows that we want to get away from "mothering" and "fathering." Gilder argues that this is impossible. Or, if biogenetics makes it possible to do away with the necessity heretofore of two sexes conjoined, it is extremely undesirable.

Human civilization, not just our liberal society, depends on a "sexual constitution" that underlies any legal constitution. To speak in this way, however, does not address the contention of the feminists, that the age-old sexual constitution does not match our free Constitution and its principles. Gilder tells a tale of the barbarian and the princess who domesticates and civilizes him to clarify the sexual constitution; but neither of these romantic figures is a citizen in a modern, liberal democracy. Gilder will have on

HARVEY C. MANSFIELD, JR. *is professor of government at Harvard University.*

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his side the many males who do not believe that women will make good on the boasts of feminists, though he may shake their complacent belief that everything, therefore, will turn out for the best. But what does he have to say to women who do not want to be princesses and are afraid that having their place in the home makes them second-class citizens? Such women do not want all the crazy things that feminists demand, but they rather approve of the changes that have occurred.

In fact, Gilder has two points to make to these women, despite the fact that his presentation is obscured by his failure to address *our* women, living under *our* Constitution. He tells them, first, of the sexual superiority of women, by which he means the moral superiority in nurturing and in concern for the future that their sexuality confers on them. They tame barbarian males, who are subject to momentary lust and are eager to hunt, by forcing them to stay and behave—and provide—if they want any favors. Clearly Gilder has a point—somewhat crudely put because he omits the charm of courtship. But if women are superior, why should they trade their moral superiority for social inferiority just to civilize males? To answer this question, Gilder devotes the bulk of his book to a demonstration of the effective truth of feminism.

Feminism attacks the formalism of the principle that all men are created equal, but Gilder turns the tables and shows that feminism's principle of unisex is itself a formality that looks much less attractive in practice. Instead of giving everybody what she wants, unisex produces definite winners and losers. The main winners are powerful men who can marry twice or otherwise hog more than their share of young women. The presumptuousness of these men destroys the democracy of monogamy ("one to a customer!"). Young educated women appear to be winners until they find out they have waited too long to marry and have a child; then they become losers. All other women are losers because liberation frees the barbarian in the nature of males and allows them to roam.

Men are more comfortable "cruising" than women, even though single men survive less successfully. Under unisex there is more, not less, uncontrolled masculinity than before: Gilder blames *Rambo* not on Reagan but on the attempted suppression of male assertiveness by feminism. More crime and more homosexuality are the result of preventing or demeaning male responsibility; males who are freed of responsibility for women are much more likely to become irresponsible than "sensitive."

In sum, unisex has a universally depressing effect, Gilder says. Life in the black ghetto is not on the margin of our society, untypical of the whole; it is, to the contrary, with its swaggering males and dependent females, a picture of the end toward which educated, middle-class America is heading. Despite its claims, feminism is bad for women and bad for democracy. Its accusations of sexism draw attention away from its own sexist (i.e. differentiated by sex) consequences, such as less respect for femininity and more displays of boastful masculinity—whether by males or females. Feminism has liberated women into jobs, including the military, and transformed male domination into male irresponsibility.

Gilder delivers this powerful indictment through an in-

The domestication of *homo gildericus.*

congruous combination of social science and common sense. First is the matter of sex roles. Eager to show that the feminists cannot simply remake society as they wish, Gilder exaggerates the naturalness of the "sexual constitution," if indeed there is such a thing separate from the political constitution of a society. Traditional sex roles may be based on the natural differences between men and women, but surely they exaggerate and distort those differences. A proof of this distortion can be seen in the fact that there are several traditions regarding sex roles which agree with some things but create very different lives for both men and women. A consequence of this distortion is that injustices do occur, particularly when intelligent and educated women staying at home do not receive credit for what they think and do. Gilder does not sufficiently acknowledge this difficulty, which can best be approached by reflecting on the dubious value of "receiving credit."

Man the Poet

In general, sex roles need to be understood and defended not merely as responding to whatever may be thought of as distinctly masculine or feminine in men and women but also as *roles*. The unisex principle denies that sex roles have any natural basis, and considers such roles useless and unnecessary. Even if sex roles were somehow natural, they would still imprison us, claim the unisex advocates. Therefore a free society must do its best to overcome those natural diversities that endanger freedom and equality. Against this, the critic of androgyny would have to show that human choice defeats itself when it seeks to be boundless, and that the expectations set up by roles do not destroy individuality but make for responsible individuals.

"The differences between the sexes are the single most important fact of human society," writes Gilder. But more

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important than the differences between the sexes is the persistent, if never fully successful, human effort to transcend them. If it is true that women civilize men because women represent civilization, then it must be because there is something civilizable in men, something drawing them towards women, which makes a man a better man and not just a failed, submissive barbarian. Here it must be said that Gilder understates the contribution of male idealism. He forgets the poets, prophets, and philosophers who have made civilization by taking the long view. He does not sufficiently appreciate that men are attracted to women; they do not merely hunt them as objects of conquest. And it may well be that women too are somehow improved, if that is possible, by being in the company of men. A true androgyny exists, therefore, that must be opposed to the false androgyny of the feminists.

If women are superior, why should they trade their moral superiority for social inferiority just to civilize males?

It appears that men and women both have civilizable natures. That is why marriage is not a bargain but a consummation. The perfection of each sex is in finding what it lacks in the other, although in practice we can of course only approximate this perfection. We do this by *living* with the other sex, not by *becoming* the other sex. A true androgyny sees the sexes as distinct contributions to a common whole; it seeks perfection while recognizing imperfection. The false principle of unisex tries to fortify each individual against the need to live with others, as if each person could reach the correct balance of aggressiveness and sensitivity within himself. If that were possible or desirable, then our association would indeed be by choice, not in the moderate sense of choosing with whom to live, but in the crazy sense of choosing whether to associate at all. This kind of choice, designed to protect our precious little identities, is the very froth of male boastfulness.

It is hard to agree that capitalism and the family are quite so congruent as Gilder assures us. Is the entrepreneurial male he celebrates in *Wealth and Poverty* the same as the family man in *Men and Marriage*? If men produce in order to provide, it would seem that production is inferior to reproduction, and the workplace, the office, and the market inferior to the home. The "faith of fathers" to which Gilder refers at the end of his book, family loyalty, and the habits of a good upbringing are not products of the "moral producers of new value" characteristic of capitalism. This is not to say that families do well under socialism or welfarism: quite the contrary. But it still remains a question in a society of opportunity whether those who work outside the home do so for glory and success in the world or in order to come home at the end of the day.

Crocodile Tears

The Tears of the White Man *by Pascal Bruckner; translated by William Beer (New York: Free Press, $17.95).*

Reviewed by George B.N. Ayittey

Much of the Third World is mired in economic cachexia, political chaos, social degeneration, flagrant abuses of human rights, and bloody massacres. Africa's foreign debt alone amounts to some $162 billion, with nothing to show for it but economic entropy and starvation; more than two million Africans died from starvation in 1985. According to the 1986 World Bank Report, "For the first time since World War II, a whole region has suffered retrogression over a generation."

There is no shortage of theories to explain why things have gone so wrong in Africa and much of the Third World. Perhaps the most convincing of these is advanced by Pascal Bruckner in his book, *The Tears of the White Man.* This courageous disquisition to the paradox of philanthropy, or the malfeasance of compassion, should be required reading for policy makers in both the Northern and Southern Hemispheres. Put tersely, good intentions and fawning compassion toward the Third World have led to disastrous results: "Those who practice selective indignation against the peoples of the Southern Hemisphere by giving them most favored nation status in the area of morality, show a condescending paternalism, and in fact, contribute to underdevelopment," Bruckner writes.

These paternalists or "Third Worldists" as Bruckner calls them, are generally leftist intellectuals in Western Europe and North America. They are characterized by a hatred for the West, its culture and institutions, and unflinching attachment to the demands of the Third World. One particular theme of Third Worldism is that "the white man is evil" and that "the West is responsible for the evils of the world." Another is that the West owes a great debt to the Third World. According to Bruckner, three main types of accusation are leveled against the West:

Guilt by history. For the frightful genocide of colonialism that took place from the Renaissance into our own century. "Tens of millions of Indians were wiped out by the conquistadores, 200 million Africans deported or dead in the slave trade, and millions of Asians, Arabs, and Africans were killed during colonial wars of liberation."

Guilt by contagion. For being "the happy descendants of these unscrupulous free-booters and that their prosperity is built on the corpses of millions of natives."

Guilt by confirmation. "They are no better than their conquering forefathers because [westerners] do not react when hunger kills children and new nations are pushed into underdevelopment by their selfishness."

Everything that has gone wrong in the Third World is said to be the fault of the West. "To explain the disasters, repression, corruption, nepotism, and stagnation that rav-

GEORGE B.N. AYITTEY, *a native of Ghana, is professor of economics at Bloomsburg University.*

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age the Southern Hemisphere, the key concept of neocolonialism is invoked," Bruckner writes. If prisoners are tortured in Iran, Syria, and Algeria, it is because their policemen are pupils or imitators of Western cops. If poverty is rampant in the Third World, it is because of the shameful pillage and exploitation by multinational corporations. The West is even blamed for the ritual sexual mutilations of thousands of women in Africa and Near East, though these are time-honored indigenous customs.

Overcome by this "collective guilt," Bruckner writes, "a minority of Western intellectuals, militants, and schoolteachers has shown a desire for repentance." Bruckner identifies three forms: solidarity, compassion, and imitation.

Solidarity arises out of the belief that the forces of oppression are the same: all the evils of the world are due to profit and money. "The exploited were a homogeneous mass fighting against a handful of pot-bellied robbers and American accents." Therefore, "whatever helps the liberation of mankind in Vientiane, Peking, or Bamako reinforces liberty in Paris. Every time the white man is kicked out, driven away, or eliminated, humanity regains a little of its independence."

Compassion is born out of the "shocking" inequality of wealth distribution between the North and the South. While westerners are "stuffing themselves, others are dying of hunger. Their stomachs are filled with food they have taken from the starving of the Third World." Further, westerners "are the direct accomplices of an economic system that pillages the resources of the poorest people of the earth." Thus "the eyes of these living corpses accuse the West—their stares are a verdict that orders westerners, secure and sated, to respond."

Imitation is inspired by the idea that the different ways of life in the Third World will "provide the spiritual cradle where materialistic culture should renew itself. When subjugated people restore their heritage, they will be able to offer their former masters the opportunity to rediscover their souls. After that, salvation consists not only in a futile exchange of influences, but in the recognition of the superiority of foreign thought, in the study of their doctrines, and in the conversion to their dogmas. Former slaves must be taken as models."

Enemies of Their Own Cause

Of all the Western nations, America has become the "ideal scapegoat." For the Third Worldist, "Four hundred years of conquest, pillage, and massacre achieve their supreme expression and converged under the roof of the White House." All the "loathing for a particular culture was concentrated in a single place, on a single people, in a single system."

But where images do not work, the Third Worldists need some sort of sociological data. They prefer meaningless comparisons, i.e. that the landless peasants of the Third World have less disposable income than a cow in Normandy or a pig in Brittany; or that when a westerner eats a steak, he could feed 30 Third Worlders with the protein that was used to feed the animal.

Bruckner argues convincingly that the excesses of Third Worldists have been counter-productive. Good intentions have turned out bad results. Compassion has engendered contempt, apathy, and even indignation at the Third World. Love for the Third World has cultivated hatred for it. Such conclusions should come as no surprise. Any parent knows that if you shower too much love and affection on one child, not only does he grow up spoiled but the other children come to hate him. In short, Third Worldists are themselves the real enemies of their own cause.

The tireless calls for help by the Third World creates a negative image, "that of a Third World limping and sick, its hands outstretched."

In particular, the excessive use of horror stories, ostensibly aired to raise public consciousness, is damaging. Senses are dulled and apathy sets in.

> Broadcasts of violence and horrifying images become stale and their repetitiveness reduces the strength of the accusations. So overtaxed emotions lead straight to inertia. The result is a terrible paradox. The more widespread hunger is, the greater is [Western] indifference to its ravages . . . The phrase 'You [westerners] are all murderers' does not mobilize people, it makes them yawn. What remains is a guilty conscience that has no strength and no will . . . When a catastrophe becomes an everyday thing, it ceases to be catastrophe.

Newspapers and television cannot possibly serve as a guide to action, Bruckner argues, "because when the TV screen stops talking about the country, it creates the false impression that the country no longer exists or that its problems have been solved." Solidarity is admirable, but:

> to be effective, it has to be circumscribed and channeled . . . Responsibility must choose a limited field of action and specific geographical area. Without this, it is indeterminate, blind . . . In this respect, too much generosity is suspicious. A fellowship that expresses itself in general terms and that is incapable of even saying the name of those people whom it helps is the solidarity of armchair windbags.

Even pilgrimages to the East, as a way to bridge cultures, have failed. The Western pilgrim was sorely disappointed. Instead of "raining wise words, grave benedictions, and judicious pronouncements on him, the natives wanted to talk about cars, money, machines, and gadgets. Horrors! They are more European than he is!" Other pilgrims were exploited by Eastern con artists, like the Bhagwans and maharishis.

Far more serious, Bruckner says, is the tragedy of the natives of the Third World becoming hostages of Western

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political systems. "Western dogmas and fantasies were played out on them." Third Worldists struggled to "set up in Saigon a regime they no longer wanted to see in Prague, because the blow thereby inflicted on the American Goliath was much more important than the well-being of a tiny country at the end of the Asian continent." On the one hand, the natives merely serve as pawns to be used and dispensed with as the occasion demands. On the other hand, they are portrayed as "noble savages." Now that "the former colonial victim has been freed from his chains, he has a wisdom that approaches the mystical." The West is finished; it can only save and redeem itself by learning the ways of the natives.

But then when these natives are butchered by their own leaders in the Third World, there is stony silence. Damn the peasants! "The bloody messes in banana republics, and butchery of political oppression and the dictatorial lunacy by the petty chieftains are all brushed aside." In fact, hangings and the systematic use of torture are looked upon by Third Worldists as ideologically justified. "South of the Equator, assassination is a humanitarian act and repression a historical necessity." Especially if it's en route to the socialist paradise.

Opium of Fools

In their fanaticism and confused thinking, Third Worldists paint a distorted picture of the Southern Hemisphere. First, they have created the impression that the South is incapable of solving its problems; hence the incessant appeals for aid. Second, the Third World's tireless calls for help create an overwhelmingly negative image:

> that of a Third World limping and sick, its hands outstretched. This approach always raises the question in the public mind, 'How can they live like that?' And the answer is obvious. They survive in a cesspool because they are part of it, and filth is their natural element, just the way mud is the cradle of pigs . . . The movement that designates them as poor is precisely the same one that prevents [westerners] from seeing them as humans.

In a nutshell, "Colonialism set up the relationship between the teacher and the pupil as absolute; Third Worldism has turned the relationship on its head and made the pupil the teacher." Therefore, "to fight Third Worldism today is to continue the anti-colonial struggle of the past." How does one do ths? Bruckner offers several useful suggestions.

> Let [westerners] become their own friends first, so that they can become friends of others again. If [westerners] are tired of their own existence, others are of little value. To love the Third World, for it to have a future, does not require a repudiation of Europe.

> A single moral rule must be used in the Northern and Southern Hemispheres—that what is good for one is good for the others. . . . Double-duty fanaticism is the opium of fools, and its most important characteristic is to be reversible like a jacket, to be useful to any cause at all.

> Instead of colonialism's classical education or the topsy-turvy teachings of Third Worldism, a dialogue must be set up in which the two hemispheres face each other as teacher and student, student and teacher.

Third Worldism has been responsible for much of the intractable woes of the Third World. It would have been more desirable, however, if Bruckner had not associated Third Worldism so closely with the political left. Important issues such as underdevelopment and starvation, together with serious analyses of them, become paralysed as soon as they are cast in an ideological mold. Only a few sentences and sparse paragraphs are devoted to the iniquities of the right. A fuller discussion would have helped portray Third Worldism as what it really is: it originated as a backlash against the position of imperial glory and its duty to civilize the natives.

Now, there is a backlash against the Third World. But this backward swing of the pendulum should not be interpreted as a return to the old rightist position. As Bruckner rightly observes:

> Both sides shamelessly maim and manipulate the facts, using them up until nothing is left. Such ideological frenzy is simply the pillage and suppression of reality. If [westerners] want to break the deadly circle of hatred and malediction, they cannot begin the game of bad feelings all over again, attacking newly independent nations to make themselves look better, as if in the reckoning of gains and losses between the two worlds the balance is now even. In the Kingdom of Parrots, all speech is equally senseless. ☎

Politics of Crime

Crime and Punishment in Modern America, *Edited by Patrick McGuigan and Jon Pascale (Washington: Free Congress Foundation, $15.95 cloth, $9.95 paper).*

Reviewed by David L. Wilkinson

I first met Pat McGuigan in 1983 in his cluttered office at the Free Congress Foundation complex in Washington. I had come to visit its overlord, Paul Weyrich, but ended up spending more time with Pat. My senior criminal prosecutor had just attended a conference on criminal justice reform which McGuigan's Judicial Reform Project sponsored, and I wanted to learn more about this work.

It was during this chance meeting that McGuigan first recited to me the credo which led to this collection of essays: that conservatives have a golden opportunity to seize a major political initiative by pushing for reform of our criminal justice institutions. It was an area, he fervently

DAVID L. WILKINSON *is attorney general for the state of Utah.*

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explained, in which the liberals were particularly weak. Yet little had been done to exploit their vulnerability.

Predictably, the 24 essays McGuigan and Jon Pascale (now at the U.S. Civil Rights Commission) have gathered, reflect a distinctly conservative philosophy. One looks in vain, for example, for a piece that defends the rehabilitation ideal of criminal justice. Not that one can fault the editors for the collection's lack of philosophical balance. The proponents of rehabilitation, after all, have dominated the literature for decades. And although the theory of rehabilitation has recently lost its preeminence, it still pervades the criminal justice system. As one of the contributors, Alfred Regnery, perceptively observes, "The trouble with theories is that unless flatly refuted, they can linger for years as vaguely functional rules." Regnery writes this referring to the notion that "juvenile delinquency is a condition subject to treatment," but it applies to other ideas of the same ilk.

Common Ground

But *Crime and Punishment in America* is not a collection about theory, written by theorists. The contributors are mostly political practitioners. Of the 28 different authors (several essays are jointly authored), five are currently U. S. senators (Paula Hawkins, Charles Grassley, Strom Thurmond, William Armstrong, and Sam Nunn), two are Presidential candidates (DuPont and Kemp), two are federal circuit court judges, and eight, including Edwin Meese, are or have been Department of Justice policy makers. Only three have ever been full-time academics.

Theory is not entirely neglected. Indeed, Herbert Titus of CBN University plumbs the depths of Western political theory—some would say Western theology—in his heavily scriptural "The Restitutionary Purpose of the Criminal Law." Regnery's excellent piece, "Thinking About Juvenile Crime," reexamines the theoretical basis for the juvenile justice system. Bruce Fein's essay is a valuable case study of what some would call the "Meese" theory of constitutional jurisprudence, devoted to expounding the widely misunderstood difference between constitutional and court-made constitutional law.

But by and large these writings emanate from and speak to men and women who deal with the infinite complexity of crime and the human condition at a political level. Most, if not all, of the contributors share a common political view of crime—that a system based on the ideal of individual accountability works better than one based on the "social welfare mentality." That view is the common thread of the entire collection; the contributors share it through experience and intuition more than through ratiocination.

As befits the varied, even pluralistic criminal justice systems in modern America, the collection treats a wide range of topics and sub-topics. Some are technical, such as McGuigan's "Forfeiture of Attorney's Fees"; a few approach their topic from a perspective not traditionally linked to criminal justice (e.g., Senator Grassley's fine and comprehensive article on union violence); and one or two are stronger on rhetoric than in ideas (Congressman Kemp's concluding summary, in which he cannot resist plugging his Enterprise Zone Act by attempting—unsuccessfully—to show how it would reduce crime). But most are highly practical discussions of today's problems.

Of course, this book does not cover the entire scene. I would have liked to read more about economic crime and more about organized crime. As is illustrated by the recent successes against the Mafia, the business of crime has a pervasive and pernicious effect on society and the perception of justice—greater by far than the aggregate effect of specific acts of violence or fraud on individuals. Only Grassley's article on union violence deals with the problems of organized crime outside the drug trade.

The business of crime has a pervasive and pernicious effect on society and the perception of justice—greater by far than the aggregate effect of individual acts of violence or fraud.

Whatever his or her political philosophy, every policy maker in America's many criminal justice systems should have this book and be informed as to its points of view. This collection is invaluable. McGuigan and his contributors have supplied potent ammunition to those of us who for years have felt the system was badly out of kilter but could not articulate why.

Conservative Conundrums

Not every conservative will agree with everything written. For example, Lois Herrington's superb essay on family violence, rich in material from the work of the Attorney General's Task Force on Family Violence, will no doubt (and should) be closely scrutinized by conservatives concerned with the effect on the family of Herrington's assumption that "the nature of the act and not just the relationship of the victim to the abuser should guide the criminal system's response."

Again, many conservatives who may think *Miranda* was an unnecessary if not a bad decision, but who are sensitive to the ordering value of *stare decisis,* would disagree with Bruce Fein's implication that the *Miranda* warning is on the same level as slavery (*Dred Scott)* and school segregation (*Plessy v. Ferguson)* and second his call for a confrontational executive strategy to achieve *Miranda*'s abrupt reversal. In both instances, conservative values collide with other conservative values.

I look forward to reading the McGuigan-headed Judicial Reform Project's next scheduled major book, which will focus on tort reform, excessive litigation, and other civil justice issues. It will be hard pressed, however, to match the contribution to the conservative reform movement made by *Crime and Punishment in America.*

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World Bank Photo.

The massive Dez irrigation project destroyed the agricultural and social system of the area.

Tears of Allah

The Elementary Structures of Political Life: Rural Development in Pahlevi Iran *by Grace E. Goodell (New York: Oxford University Press, $45).*

Reviewed by Russell Kirk

Those of us who are horrified by the repressive and indeed regressive regime imposed by the Ayatollah Khomeini in Iran would do well to examine the accelerated social developments under the Shah which brought about such an ugly backlash. An important new book provides a microscopic look at how industrial projects supervised by global planners helped dislocate and fragment the life of local Iranians, creating the misery and discontent that fuelled the Islamic revolution we see today.

Grace Goodell, a humane anthropologist, lived for years in remote villages of Peru, Iran, and the Philippines; now she is director of Johns Hopkins University's Program on Social Change and Development. Fearless, cheerful, and acute, she reminds one of such English women travelers and writers as Freya Stark and Rose Macaulay. *The Elementary Structures of Political Life,* her first book, is an original and learned study, certainly more lively and interesting than its title may suggest, and of an importance transcending the frontiers of Iran.

From much experience of village communities, Goodell has concluded that Edmund Burke was right in declaring that "we learned to love the little platoon we belong to in society." She has become an intelligent opponent of centralization and a champion of the web of custom and convention of voluntary community; she believes earnestly in those intermediate structures that stand between the person and the state, and which are not yet totally demolished in the countries of the shrinking "free world."

In 1972, Goodell made her way to the Dez irrigation project in Iran, near the border in Iraq: this was the biggest of the Shah's rural development schemes. It was to be carried out by the World Bank and David Lilienthal, designer of the Tennessee Valley Authority. Goodell lived in the old-fangled adobe village of Rahmat Abad, and afterward in the new workers' cinder-block town of Bizhan, with the object of ascertaining the changes "modernization" might bring. She writes:

> The paradox this book explores is that Rahmat Abad, a remote little village, in many respects hardly removed from the Neolithic age, operated on the basis of extraordinary predictability and economic rationality, which derived from its free public intercourse, individual and group initiatives, individual and corporate responsibility, and reliability of past as well as future events. In effect, a well defined, if unwritten, system of rules existed, providing a framework within which all could act or speak with the sense of certainty and security.

By contrast, the modern village of Bizhan was a grossly unpleasant place to live, governed—or rather, misgoverned—totally by *dulat,* or central political power, the state. Goodell bluntly describes the Dez project's thorough social and economic failure:

> In the Dez project, the Iranian state and its numerous Western advocates proposed 'development' without law—that is, without predictability and security (despite the state's numerous formal decrees). They set out to undermine the predictable, corporate integrity of village norms and structures and to replace them with the obscurantist although jet-age

Russell Kirk, *author of numerous books including* The Conservative Mind, *is a Distinguished Fellow at The Heritage Foundation.*

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world of laboratories, factories, and multinational investments: a world that was obscurantist not, as it is often said, because the new came too quickly for traditional Iranians to 'absorb' it, but because in social relations (the very mortar of society) the pervasive centralized state made Iran's modern sector secretive, personalistic, amorphous, and arbitrary.

Lilienthal's Afflatus

The World Bank, Lilienthal and his associates, and the Shah's Iranian state poured immense sums of capital into the Dez project. In less than 20 years, the undertaking was bankrupt. Lilienthal (who did very well financially out of the project, whatever its unhappy consequences for Iranian peasants) had declared at its inception that the world would watch the Dez project; he spoke as if moved by prophetic afflatus.

As late as 1971, Lilienthal declared in self-congratulation, "How wonderful it is to be able to see one's ideas and words take root and become real things, as real as miles of sugar cane, a factory shining and eager to go, a great dam rising where before was emptiness like a crater on the moon. This is the deep satisfaction I crave . . . a sense of the everlasting and of the majesty of man who undertakes to master this behemoth." By 1978, the Lilienthal design had ruined the old agricultural and social system of the Dez without supplanting it by any tolerable new system.

The agribusiness schemes and the state farms had collapsed; the Dez irrigation project was abandoned; the new towns seethed with resentment; what had seemed desert to Lilienthal (but much of which was actually fertile cultivated land) was converted into real desert; the old local leadership was swept away or reduced in influence, but no tolerable new class emerged. As Goodell puts it:

> Mr. Lilienthal prophesied and promised that the world would be watching his transformation of the Dez. Would that in *that* prophecy he had been correct! The Dez will not see him or Mr. Ebtehaj again, the founder of one more dynasty's Imperial Plan. But many other Northern Khuzestans across the world will, as we continue to send out myriad visionaries like them to transform the 'nothingness' wherever they can find it; with the same self-serving vision . . . the same blindness to the landscape, the same grandiose schemes that we can construct 'the everlasting' in it—the same confidence in developing others through the fiat of centralized rule over them from on high.

Goodell does not cast either Lilienthal or the Shah as the villain of this drama; doubtless their intentions were good. David Lilienthal, superplanner, is a characteristic figure of our age. Once this reviewer sat on a television panel with Lilienthal, Eric Sevareid in the chair, and the question of whether liberty was increasing or diminishing came up. Lilienthal replied with perfect assurance that people are far more free now than in any earlier time because they have more money, and so more choices.

What sort of freedom Lilienthal and the World Bank and the Iranian *dulat* conferred upon the peasants of northern Khuzestan is sufficiently described by Goodell's account of life in the new regimented village of Bizhan, in which even the streets and lanes had no names, but only row numbers. *Dulat* disapproved of small shops, second floors, small mosques, and even private baths in houses. Pride in work swiftly diminished among the folk compulsorily settled in the *shahraks,* the new villages; wanton waste swiftly increased. Deprived of their old web of community and custom, the villagers become bored and resentful subjects of an unpredictably insolent *dulat.* The Muslim faith that had given their lives meaning was enfeebled by the uprooting of community: a high school boy told Grace Goodell that he had come to hate God, because the conflict between the old villages and the *shahraks* was God's fault.

The World Bank, the Iranian state, and the developer poured immense sums into the Dez project. In less than 20 years, it was bankrupt.

As for Shah Muhammed Reza Pahlevi, who had exulted at the swift pace of the old villages' destruction in the Dez and had paid visits to the agribusiness enterprises, Goodell comments, "The fact that the Shah possessed so little charisma was not entirely a function of his personality; his wooden expression accurately depicted the lack of moral integration (hence, spirit) between rulers and ruled in Iran." It was the discontented young in the new model towns that rose against his regime, not the peasants in the villages: social fragmentation undid the monarch whose reputation once had stood so high. Perceiving this breach, the fanatic Khomeini burst in.

William A. Orton, one of the most perceptive of American economists, observed in 1950 in his book, *The Economic Role of the State:*

> Let us therefore praise the great god Efficiency. All he demands is that we make straight his path through the desert and purge the opposition . . . How much more mastery is evident in the controls of a supersonic plane than in the clumsy splendor of some medieval shrine! How much higher a peak of human achievement! Human? Let us not be too particular about that, for this is where science plays the joker . . . We arrive at 'justice' without mercy, 'liberation' without liberty, 'victory' without peace, 'efficiency' without effort, 'power' without potency—because the means we collectively employ lie on a plane so different from that of the ends we humanly desire that the more they succeed, the more they fail. That is the nemesis of all 'great powers' and of all who put their trust in them. God knows, this is not a new story.

Just so, in the cause of Efficiency, did the World Bank and its allies conduct themselves in the Dez. Incidentally,

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Goodell informs us that it was customary for the bureaucrats of the Dez plan and the *dulat* to refer to the villagers as subhuman beings.

World Bank Debacles

In her last chapter, Goodell discusses today's large-scale "development projects," pointing out that the World Bank and other international development agencies appear to have learned nothing from the ghastly failure of the Dez project—even after hundreds of millions of dollars had been expended upon it. She discusses six major categories of projects funded by the World Bank that are sure to produce unpleasant social and political consequences, in the long run desperately injurious to the Third World societies they are supposed to benefit.

During fiscal 1986, the World Bank lent $16.3 billion to Third World countries, at interest (in the case of the poorer states) as low as one percent—or, for Bangladesh, no interest at all. It would be comforting to think that all this money, the largest portion of it extracted from the United States, improves the lives of folk in distant lands. But Goodell's analysis is not reassuring.

For Goodell rejects the notion of the theorists of modernity, Max Weber's school, "that a formalistic legal order and bureaucratic administration constitute the determinative conditions for contract-based capitalism." Sustained capitalist development, she writes, requires a social environment that is stable and predictable. But in contrast to Weber and the theorists of modernity, she concludes:

> This study has found the seeds of these essential social conditions in 'backward,' illiterate Rahmat Abad, and found them destroyed in the formal legal order, the scientific and professional expertise, and the highly systematized bureaucratic governance of *dulat*—not because formal law, professionalism, and bureaucracy per se are obfuscating, but because they work against calculability *if they are not kept accountable to society's base.* Formal law, scientific and technological expertise, professional specialization, and the would-be impersonal order of public administration do not *in themselves* foster predictability, but only do so in a particular political context, in which a structured social base holds its governing mechanism (hence, these instruments for organizing governance) on course.

Goodell's criticisms and admonitions are applicable to the whole worldwide business of economic development under forced draft and of systematic "modernization." If the modernizers injure or destroy the established patterns of social cooperation and communal existence—the body of unwritten laws, habits, customs, conventions—their grand schemes must come tumbling down within a few years: just that has occurred in most of "emergent" Africa, where even village agriculture has been smashed by centralizing "improvers."

America's Urban Proles

Though Goodell does not touch upon parallels with the United States, some readers of her convincing book may find in it lessons for this country. Increased political and economic centralization, in the name of efficiency, already may have done serious mischief in America to those voluntary and customary patterns of life and politics out of which grew American social and economic success. Without intending it, public policies and "modernist" economic advances have created in this land an urban proletariat, an ugly word for an ugly thing, when once upon a time we had merely the urban poor.

Change is the means of our preservation, Edmund Burke wrote; his model statesman was one who combined a disposition to preserve with an ability to reform. It is not the enthusiastic social engineer of our time who combines those talents. Lacking moral imagination, the Shah and his people—both his Western technocrats and his *dulat* bureaucrats—imposed forced change without popular assent or regard for the nation's heritage. So did it come to pass that Iran has fallen under a despotism that preaches Islam even while it contradicts Islamic political traditions; and the promised general affluence has vanished before grim general poverty. ☎

The Utility of Evil

The Harvest of Sorrow: Soviet Collectivization and the Terror-Famine *by Robert Conquest (New York: Oxford University Press, $19.95).*

Reviewed by Spencer Warren

At the time the Bolsheviks seized power in 1917, the peasantry constituted about 80 percent of Russia's population. They represented a major problem of control for the Bolsheviks, whose claim to power rested on the small urban proletariat. The regime's initial effort to socialize the vast countryside by expropriating land and grain led to widespread resistance during the Civil War from 1918 to 1921, and famine in 1921-2. In the first five years of Communist rule, Robert Conquest estimates in *Harvest of Sorrow,* 14 million people died.

Forced to retreat, the regime established the New Economic Policy, which permitted private land ownership and allowed the market to regulate farm production and distribution. Alas, the N.E.P. was only a tactical retreat. Early in 1928, the country faced a grain shortage caused by low prices set by the state for farm products. The Politburo, believing the peasants were holding back grain, resorted to mass requisitions. As resistance intensified, production dropped and hoarding worsened. Stalin decided in November 1929 to begin mass collectivization, which had been the party's aim all along. Giant collective farms

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SPENCER WARREN *was deputy director of the House Republican Research Committee and served in the Reagan Administration as a member of the Policy Planning Staff at the Department of State.*

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would be the factories of the countryside: they would turn independent peasants into rural proletarians and facilitate the mechanization of agriculture—as well as party control.

Mass collectivization was to be accompanied by "dekulakization." As Stalin put it, "We have gone over from a policy of limiting the exploiting tendencies of the kulak to a policy of liquidating the kulak as a class." The kulak is known in the West today as the prosperous peasant who was the main victim of collectivization. In fact, as Conquest explains, the kulak was the invention of the Communists, who needed a capitalist exploiter in order to foment class war in the countryside. In 1927, the most prosperous of the bourgeois exploiters owned two or three cows and up to 10 hectares of sowing area, all for an average family of seven. They made up only three to five percent of peasant households.

Anatomy of Starvation

The first mass arrests of kulaks began late in 1929; all were shot. The second, more systematic wave of arrests, began early in 1931. Anyone who was suspected of opposing the regime, who resisted being forced into a collective farm, or who could not meet a grain requisition, was arrested. About 10 million persons, perhaps up to 15 million—kulak and non-kulak—were deported to the growing gulag. Resistance became so fierce the regime had to use aircraft and artillery against peasant bands. This unprecedented exercise in social engineering and repression made the rural economy a shambles. About 40 to 50 percent of the cattle in the entire country was slaughtered by the peasants. In March 1930, Stalin ordered a retreat, blaming the chaos on lower officials. (His reversal was published in an article entitled, "Dizzy from Success.")

Suddenly freed from state violence, about half the collectives disbanded as 40 to 50 million people left. The regime could not permit this, so new steps were taken in September to coerce peasants back into collectives. Dekulakization resumed, only this time against middle and poor peasants whose struggle against collectivization made them "kulaks."

By late 1931, collectivization was largely complete. The free peasantry of Russia had been destroyed and serfdom, under a new and much harsher landlord, restored. Poor peasants were recorded as saying, "You have turned us into worse than serfs." The immediate result was to produce another famine only 10 years after the last, on a worse scale. And this time, unlike the first, its existence was denied by the regime and foreign assistance was refused.

This famine was not due to drought or other natural causes, but was deliberately created through an agricultural policy designed to crush all resistance to Communist rule. This was easily done. Grain quotas for the Ukraine and North Caucasus were set in 1932 at levels far above what realistically could be supplied. To meet the quota, grain was confiscated regardless if any remained for subsistence. Persons not starving were suspected of hoarding. Those, including children, caught plucking grain were shot. Starvation worsened; by March 1933, it was on a mass scale. Thousands of starving peasants roamed the countryside and poured into towns and cities. Hollow-eyed skeletons begged at railway stations: those who could make it to the borders of the Ukraine, searching for food in adjoining areas, were barred from leaving. Horse manure was eaten and cannibalism took place; some accounts tell of mothers eating their children. All this occurred while grain was being exported or kept under state control in the countryside as "reserves."

Grain collections stopped in March and the mass dying ended in May. The number of dead from the 1932-3 famine is estimated at about seven million, more than one-half children. Five million of these were Ukrainians. The final toll of collectivization, "dekulakization," and famine is estimated by Conquest at 14.5 million dead.

The First "Big Lie"

Parallel to the story of the peasantry, Conquest recounts the fate of the Ukraine under Bolshevik rule. The regime gained control over this populous region only after much fighting during the Civil War. During the N.E.P., it tolerated Ukrainian cultural autonomy, but beginning in 1929, mass purges brought that to an end. Conquest believes the "terror-famine" was directed at the Ukrainian peasantry as part of the effort to crush Ukrainian nationalism, as well as to subdue the peasantry in general. Many historians do not believe the famine was directed against Ukrainian nationalism and do not regard the Ukraine as a "nation." They see the famine as an economic, not a nationalist, issue.

Be that as it may, Conquest has written the most detailed account of a period which is known generally in the West, but which has never penetrated our moral conscience (any more than have subsequent Communist famines in Cambodia and Ethiopia). His sources, mostly Russian, provide a wealth of exhaustive—and horrifying—detail.

What is the relevance of all this today? First is the capacity for self-delusion of some who claim to be mankind's most devoted friends. Beatrice and Sidney Webb, George Bernard Shaw, and others who visited Soviet Russia at the time and wrote of a happy, progressing country (denying or ignoring persuasive accounts to the contrary), are the stereotypes of today's naive, self-righteous apologists for Communism in Nicaragua and elsewhere.

A second point is the Communist technique of deception, mixing the Big Lie with half-truths in order to confuse the passive foreign audience and persuade those who want to be deceived. Conquest notes that the famine was the first major instance of this technique, which the Soviets and their allies practice with ever greater sophistication today (for example, in leading many in the West to think they really desire peace and nuclear disarmament).

Finally, the horrors of the collectivization and the fact of the famine to this day are not admitted in official Soviet accounts. Today's Soviet leaders are men dedicated to an ideology whose theories of hate and violence, in an earlier time, produced the most appalling catastrophe ever inflicted (rivaled only by Mao's China and Pol Pot's Cambodia) on a people by their own government. We forget this at our peril as we sit across the table from these men and negotiate the most profound issues for our nation's security. What would we think of German leaders today if they failed to acknowledge the Holocaust? ☎

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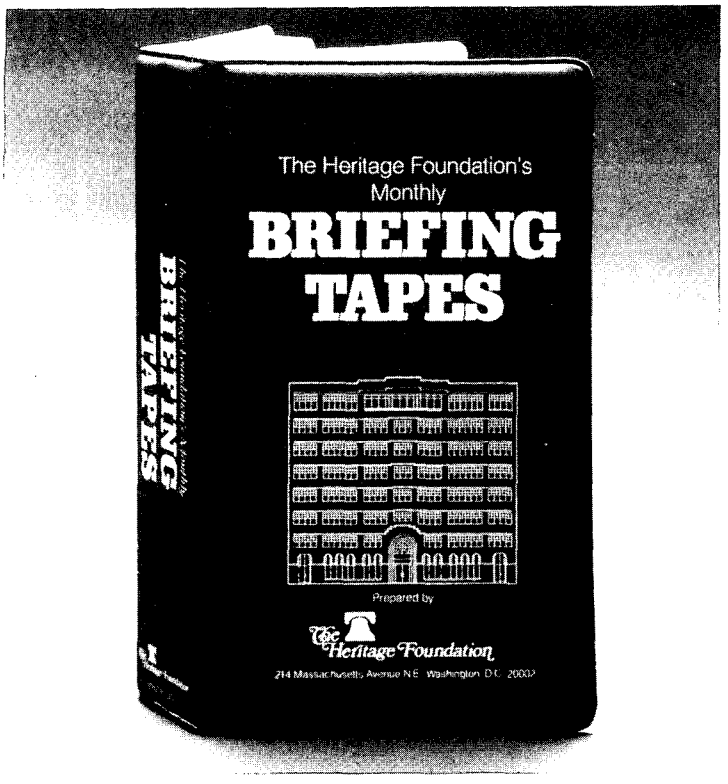

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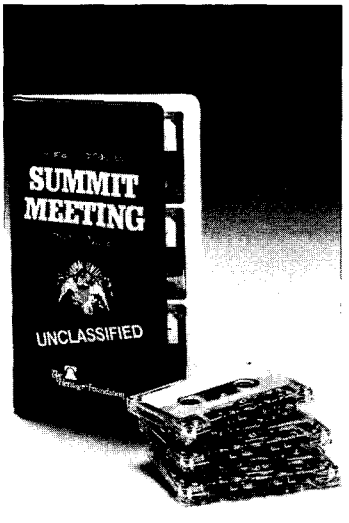

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LETTERS

Jim Castelli, James Schall, Gary McDowell, Tibor Machan, Jefferson Morley, Terry Teachout, Anthony Podesta, Bryce Christensen, R.J. Rushdoony, Michael Levin, and others.

Real Peace

Dear Sir:

Ed Dobson and Ed Hindson grossly overestimate the number of Americans who believe in "Armageddon theology," ("Apocalypse Now? What Fundamentalists Believe About the End of the World," Fall 1986). It is not my purpose to argue with that theology, except to point out that many Catholic, Episcopal, Presbyterian, Lutheran, Methodist, Congregationalist, and Baptist churches reject the theology.

My major concern is the political implication of Armageddon theology. Dobson and Hindson are reasonably persuasive that they themselves have not allowed their belief in Armageddon theology to dampen their support for peace efforts. But leading fundamentalists, including Jerry Falwell, have not been nearly so persuasive.

Falwell and others have allowed Armageddon theology to influence their views on relations with the Soviet Union, which they regard as Satanic, and on the Middle East. Viewing the Soviet Union as Satanic eliminates the possibility of arms control or reduction agreements and ensures a continued deterioration of U.S.-Soviet relations.

Armageddon theology also denigrates peace efforts in the Middle East. Jerry Falwell said of the Camp David accords, "You and I know that there's not going to be any real peace in the Middle East until one day the Lord Jesus Christ sits down upon the throne of David in Jerusalem."

James Robison, who preached at the 1984 Republican Convention, has said, "There'll be no peace until Jesus comes. Any preaching of peace prior to his return is heresy; it's against the word of God; it's Antichrist."

And Pat Robertson, welcomed by the Republican Party as a 1988 candidate, says "There's not going to be any peace until God's peace, and what we call the Peace of Jerusalem, which the Prince of Peace brings to that troubled region . . . And any peace initiatives are going to be frustrated, we're afraid, over those intervening few months and years."

The vast majority of Christians of all denominations believe that, because of the sinful nature of man, there will be no perfect peace until the Second Coming.

But that does not stop them from working for as much peace as is humanly possible in the here and now.

Jim Castelli
People for the American Way
Washington, D.C.

Dear Sir:

Policy Review is to be commended for publishing the informative essay by Ed Dobson and Ed Hindson on the beliefs of fundamentalists about the "end of the world." One of the great weaknesses of the liberal idea—that the main enemy of democracy is religious fundamentalism—is the remarkable liberal ignorance of what fundamentalists actually believe.

Conspicuously, Dobson and Hindson make no mention of any Catholic input to this topic. They are perfectly right, for even though the present number one attraction in the Catholic pilgrimage world is to the apparitions in Yugoslavia, apparitions that apparently have a good deal to do with the "end of the world," the Catholic hierarchy in America is practically silent on this topic, hesitant even to attempt the kind of analysis provided by Dobson and Hindson. Busy with social activism and such things, the flock is left practically leaderless on these topics which are so urgently presented to them by other Christians.

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Second, what is most important in examining an essay such as this, from the viewpoint of the completely secular academic social science, is the curious relevance that revelation has to issues, especially issues of decadence, which the social sciences themselves think they ought to look at but which they evidently have no proper tools with which to examine them. In this sense, the fundamentalists serve to shock the rationalist mind out of its own lethargy and incompleteness.

James V. Schall
Assistant Professor of Government
Georgetown University
Washington, D. C.

Dear Sir:

In their lucid and interesting article, Ed Dobson and Ed Hindson still fail to convince many of us nonmillennarians that the fundamentalist movement is not to be regarded as scary.

It is true that, officially, premillennialists claim that Jesus will return in His own time, and that the activities of the faithful should be confined to watching eagerly for the signs of imminent apocalyptic tribulation, and its preceding Rapture. But there has always been a theme of millennarian groups that, although future events are pre-ordained, the faithful can help by speeding along God's timetable. It is all too easy, then, to envision a devoted premillennial President, convinced that Armageddon is at hand, eagerly pushing the nuclear button to bring on the tribulation, and particularly the Rapture, as quickly as possible.

There is another problem as well. Dobson and Hindson are detailed enough in their description of the Rapture and the coming of Armageddon, but they curiously omit to specify what the thousand-year Kingdom of God on earth is supposed to look like. It is particualrly distressing that whatever descriptions we have of the Kingdom by millennialists look very much like a totalitarian Communist dictatorship, with no private property, no division of labor, and everyone equal.

Dobson and Hindson make passing reference to a "group of Christians" who "took over Muenster" during the Reformation. What they fail to point out is that the Anabaptist millennialists established at Muenster a horrendous totalitarian dictatorship, which included communization of property and of women, the abolition of money, slaughter of all non-Anabaptists, and so on. The Muenster example has inspired Marxists, who look to these Anabaptists as forerunners, and we should also realize that Marxist Communism is but a secularized version of the old Christian millennial creed.

At least until recently, one of the great influences on modern conservative thought was the late Eric Voegelin. One of the most valuable lessons of his teaching was to warn us not to try to bring the Kingdom of God to earth, for from such attempts great political evils will flow. Where is Eric Voegelin now that we need him?

Murray Rothbard
Las Vegas, NV

Dear Sir:

I was amazed to read "Apocalypse Now?" in *Policy Review.* I learned things about myself from reading the article that I never knew! The article implies that I do not favor the democratic process, because as a Christian my faith is in Christ, not in democracy or any other form of government. Some of my "followers," the article says, supposedly favor the death penalty for drunkards, an opinion I have never heard. Such writing is irresponsible.

Our Christian reconstructionist emphasis, to correct the misimpressions of your article, is that, in terms of Scripture, we do not equate government with the state. To do so is totalitarianism. Government is first of all the self-government of man; it is also the family, the church, the school, our vocation, society and its institutions, and finally, civil government. Our problem today is that government is equated with the state, an anti-Christian view.

We are widely known for our contribution to the development of the non-statist Christian school movement, and our defense of it in court trials. We have furthered the biblical concept of restitution rather than imprisonment. Our materials are used in law schools, colleges, universities, and seminaries, here and abroad. A powerful reconstructionist movement is under way in one foreign country, and our staff is now represented in Europe by three scholars, with associates on other continents.

Are we "a very small group with absolutely no chance of achieving our agenda"? On the contrary, while we have not built up a major institution, we have had a major impact and have achieved more than most people are aware of.

Dobson and Hindson have some good writings to their credit. I am sorry that I cannot say as much for this article.

R.J. Rushdoony
Vallecito, CA

Of Meese and Men

Dear Sir:

By nearly every count, Dinesh D'Souza has made a valuable contribution to any effort to come to grips with the liberal assault on the best traditions of our Western civilization—from the Bible to Shakespeare to the Constitution of the United States ("The New Liberal Censorship: The Ideological Assault on the Constitution, the Bible, and the Great Works of Western Thought," Fall 1986). But just when he begins to hit his stride, he stumbles and falls. Few have misunderstood so fundamentally Attorney General Meese's call for a jurisprudence of original intention as has Mr. D'Souza.

First, not unlike those on the left, Mr. D'Souza asserts that Mr. Meese's approach to constitutional jurisprudence is nothing more than a justification for a "preconceived agenda." Any indication of what his agenda might be is curiously omitted by Mr. D'Souza. Assertion so bereft of argument and evidence is a shabby assault, indeed.

The fact is that as anyone who has read Mr. Meese's speeches knows, there is no preconceived agenda. He

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has made this point repeatedly. In a speech before the Conservative Political Action Conference last January, for example, he pointed out that a true conservative is dedicated to constitutional principles such as federalism. And that such dedication means that "at the policy level, federalism may not always serve to achieve the conservative agenda."

The attorney general's only commitment is to the idea of constitutional interpretation being hemmed in and tied down by the Constitution itself—the text and the intentions of those who wrote, proposed, and ratified that text. The Attorney General's constitutional jurisprudence is aimed at resuscitating the idea that the Constitution creates a limited government, and that means that the Constitution is a limit upon judicial as well as executive or legislative power.

The deepest defect in Mr. D'Souza's discourse, however, is his curious confusion of motive with meaning, and cause with content. A jurisprudence of original intention does not mean a way of constitutional thinking and litigating mired in the circumstances—either technical or sentient—peculiar to the late 18th century. Rather, it is a jurisprudence that seeks to take the Constitution seriously—as a political text and as a legal document—and keep our often confused times in tune with it. It is jurisprudence rooted in principles deemed fundamental by the founders, not in any personal predilections of particular founders.

Mr. D'Souza's recourse to defending Justice Taney in *Dred Scott v. Sanford* as "a devout practitioner of the Meese philosophy" is totally wrong. The fact is that not every effort at explicating original intention is an accurate one. That is why Abraham Lincoln's view of original intention eventually won out over the erroneous views of both Taney and Stephen A. Douglas. To say one is invoking the intentions of the founders, as Taney did, is not necessarily to do so, or to understand them.

Finally, there is the need to offer a more mundane response to Mr. D'Souza. Any article critical of criticism carries with it an especially heavy burden. But at the very least, it carries with it the burden of factual accuracy. First, it is necessary to point out that John Marshall was not the first Chief Justice, but the third—John Jay and Oliver Ellsworth beat him to the bench. (In fact, one is tempted to call Marshall the "third-and-a-half" Chief Justice, given that John Rutledge, though ultimately rejected by the Senate in 1795, did serve as Chief Justice for four months under a recess appointment). Second, the 14th Amendment does not extend the equal protection of the laws only to all citizens; it encompasses all "persons."

Surely so keen-eyed a critic as Mr. D'Souza must be expected to catch such simple but obvious errors. Unless, of course, his essay is, in fact, yet a new and even more esoteric form of criticism. One wonders, why does the owl of Minerva fly only at dusk?

Gary L. McDowell
Associate Director
U.S. Department of Justice
Washington, D.C.

Dear Sir:

It is one thing to conclude, after at least some analysis, that no privacy right exists in the U.S. Constitution that "overpowers democratically elected state legislatures." But this is not what Dinesh D'Souza does. He fails to say why the Ninth Amendment, for example, might not be taken to refer to such a right when it does refer to rights not enumerated in the U.S. Constitution itself. Nor does he explain why, in a society that made a Declaration of Independence based on the unalienable right to life, liberty, and the pursuit of happiness of every human being, it would be such a strange thing to infer from, say, the right to life (also mentioned in the Bill of Rights) that one may keep others, including the state, outside one's personal, private domain if one so chooses.

Incidentally, Mr. D'Souza seems to think that only if one is a relativist or subjectivist about language will one disagree with his conservative interpretation of the meaning of the U.S. founding. I am sure he is mistaken.

Tibor R. Machan
Professor of Philosophy
Auburn University
Auburn, AL

Dear Sir:

Dinesh D'Souza's insightful article draws attention to the favorite pastime of the left: reconstructing the world. When they're not busy trying to determine the future by agitating for collectivist reforms, they're trying to change history by reinterpreting the classics. All work and no play has made them very dull indeed. And quite depressing to be around.

It is the human condition that is the source of the left's despair. But they prefer to think that the enemy is culture. That is why they spend so much time trying to redo all that pre-

A jurisprudence of original intent does not mean a way of constitutional thinking mired in the circumstances peculiar to the late 18th century. Rather, it is a jurisprudence that seeks to take the Constitution seriously and to keep our often confused times in tune with it.

Gary McDowell

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ceded them. They are not content to merely breathe new life into the Constitution, the Bible, or the Great Books. They seek to suffocate any and all interpretations that deviate from their own. They are the true fundamentalists.

Mr. D'Souza's analysis of the ideological fervor that has overcome the disciplines of law, religion, and literature exposes the common denominator of leftist thought: antipathy to Western tradition. It is the hierarchy of Western values, represented in tradition, custom, and social convention, that so displeases the left. By discounting the language of the framers, the prophets, and the giants of literature, the left seeks to degrade the authority of the masters so as to substitute their own "enlightened" vision of the world.

For years, we've been told by the left what Marx "really meant." Now they're telling us what Madison, Matthew, and Milton "really meant." It would be instructive to know what these miserably unhappy folk think Mr. D'Souza "really meant" when he laid bare the truth (dare I say) about them.

William A. Donohue
Associate Professor of Sociology
LaRoche College
Pittsburgh, PA

Dear Sir:

The intellectual sterility of deconstructionism would seem to have its parallel in the creative sterility of the deconstructionists themselves. The very greatest critics—T.S. Eliot is an obvious case in point—have also been supremely gifted imaginative writers. The careers of such distinguished critics as Lionel Trilling, Edmund Wilson, and Randal Jarrell, all of whom wrote estimable fiction or poetry, suggest that a serious interest in literary criticism virtually presupposes equally serious creative attempts in the field of critical interests.

The literary record of the deconstructionists, by contrast, is largely devoid of significant collateral contributions, serious or otherwise, to the field of imaginative writing. One can only speculate as to the meaning of this phenomenon, but it seems likely that the arrogance of the deconstructionists is an outward manifestation of the automatic assumption of privilege and distaste for individual enterprise that typically accompany membership in the New Class.

Terry Teachout
Senior Editor
Harper's
New York, NY

Dear Sir:

Dinesh D'Souza calls for the return of the old-fashioned literary critic, one who wants to "illuminate the work, not supplant it." Mr. D'Souza can set an example by doing a critical exigesis on his aside about the "gun-running Maryknoll nuns of El Salvador."

A good old-fashioned conservative literary critic would take the phrase "gun-running" to refer to the real world. As there is no evidence to support Mr. D'Souza's base insinuation (save from the testimony of the Salvadoran soldiers who raped and killed four such nuns in 1980), I suspect that Mr. D'Souza is really a closet hermeneuticist, the kind of cad, who, in his own words, "assumes that words do not express or reflect realities; they create realities." He hopes to create the "reality" for *Policy Review* readers that Maryknoll nuns actually have been involved in "gun-running" and that it is therefore unexceptional when they are killed. I could not agree more with Mr. D'Souza's conclusion that "the results of this [new critical style] border on lawlessness, moral chaos, and literary nihilism."

An apology and retraction are in order.

Jefferson Morley
Associate Editor
The New Republic
Washington, D.C.

Dinesh D'Souza replies:

In the crucial sentence of his letter, Gary McDowell states that "The attorney general's only commitment is to the idea of constitutional interpretation being hemmed in and tied down by the Constitution itself—the text and the intentions of those who wrote, proposed, and ratified that text." Here, gaping, is the contradiction I pointed out, and attempted to resolve, in my article. Is it the Constitution that is supreme, or is it the founders "intentions"? Since there were many founders, and they came from different points of view, is it not reasonable to assume that the only "intentions" that have the force of law are the collective intentions that are contained within the text itself? But if this is so, then the search for intentions *outside* the text is largely irrelevant—at best, it can provide an informative historical backdrop or, as the social scientists like to say, "context." Context, as I argued in the article, should always be subordinate to the text itself.

The question is not, as Tibor Machan would have it, why things that Tibor Machan wants, such as the privacy right, cannot possibly and conceivably be justified by hints and generalizations in the Ninth Amendment or the Bill of Rights. (This is the Brennan approach—to twist and contort passages to make them fit progressive whims.) The question is whether a close and fair reading of these texts warrants Mr. Machan's preferred reading. I don't believe it can reasonably be inferred from, say, the "right to life" asserted in the Declaration of Independence that a woman should have a privacy right to abortion. On the contrary, the "right to life" clause tends to lend support to the pro-life claim that the fetus enjoys constitutional protection. To this, of course, Mr. Machan can contend that the fetus does not possess "life," and consequently does not have any continued "right to life," but I leave that unpromising case for him to make on another occasion.

Miguel Bolanos Hunter, a Sandinista defector who used to head a section of the Secret Security Police of the Sandinista junta, has testified in Congressional testimony about the involvement of Sister Maura Clark, one of the nuns killed in El Salvador, in transporting weapons to the guerrillas. Bolanos's testimony was based on a conversation with a Sandinista organizer who admitted to Bolanos that Sister Clark helped him with his guerrilla operation in El

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Salvador. Further, Bolanos states that after the Sandinista triumph, "in the course of conversations I had with members of the F.S.L.N. and the security apparatus . . . Maura Clark's name was commonly brought up in these discussions when the subject of the Maryknoll participation came up."

If Jefferson Morley is skeptical of reports of nuns engaged in guerrilla activity coming from an "embittered" defector, I refer him to the comments by Sister Mary Hartman on Sandinista television on March 4, 1983. She said, "I served as a driver for several of the boys [guerrillas] and they would call on me at any time, day and night, to take them from one place to another. I looked for medicines, money, and I also carried arms for them. I sent baskets with vegetables, and fruits, and we placed the arms inside the baskets."

Why should any of this come as a surprise? The Maryknoll order has for years been putting out books and articles advocating solidarity and cooperation with the Central American guerrilla. One recent example is Jose Miranda's booklet, "Communism and the Bible," put out by Orbis, the publishing arm of Maryknoll. "Jesus himself was a communist," it states. "Jesus explicitly approves and defends the use of violence." (The comic justification for this, by the way, is that "Jesus placed himself at the head of a burly group of his followers in an action that can only be characterized as a guerrilla attack on the temple.") But apparently Maryknollers in the field take all this stuff seriously.

For the one oversight in my article—John Marshall was indeed the third chief justice, not the first—I apologize and thank Gary McDowell and others for drawing it to my attention.

Teaching Values

Dear Sir:

I was pleasantly surprised by Gary Bauer's article ("The Moral of the Story: How To Teach Values in the Nation's Classrooms," Fall 1986). There is a growing consensus that America's public schools are not doing an adequate job of teaching values, but some remedies are worse than the problem. Religious right activists who advocate a doctrinaire approach risk turning public schools into sectarian academies.

I agree that values can be taught through discussion of literary classics. That is one reason why People for the American Way continues to fight censorship efforts to remove from classrooms books like *To Kill A Mockingbird, The Grapes of Wrath,* and even Shakespeare's *Romeo and Juliet.*

But Mr. Bauer misses the point when he criticizes the lack of the discussion of religion in textbooks. He cites a study by Paul Vitz which blames the poor coverage of religion in textbooks on a presumed liberal bias by the publishers. The real explanation is that publishers are intimidated by controversy and try to avoid certain subjects altogether; while American history texts omit religion, many biology texts fail to deal adequately with evolution.

Mr. Bauer's article points to an important challenge for educators: how to teach common values in a way that respects the diversity of American culture. Those who answer with censorship, or who promote a sectarian agenda, undermine values education. Mr. Bauer, on the other hand, begins to address the challenge.

Anthony T. Podesta
President
People for the American Way
Washington, D.C.

Dear Sir:

I read with great interest Gary Bauer's essay. I agree with Mr. Bauer's assessment of the deplorable state of character education in today's public schools. And as a former literature teacher on both the college and secondary-school level, I agree also that effective teaching of literature can help improve ethical instruction. But only partially.

The problem, which Mr. Bauer does not address, is that literature can also be used to teach despair, nihilism, and self-indulgence. After all, besides the work of Dante, Milton, T.S. Eliot, and Shakespeare, we have skeptical and amoral masterpieces by Lucretius, Omar Khayyam, William Wycherly, Matthew Arnold, Theodore Dreiser, Celine, Wallace Stevens—the list goes on and on. What if the teacher of my children wants to teach morality out of these works? Sooner or later, anyone trying to teach morality out of literature must confront the truth Dostoevsky expressed in his novel *The Brothers Karamazov:* "If there is no God, everything is permissible."

The study of literature necessarily involves us in many religious issues which Mr. Bauer is too eager to brush aside. "Literary criticism," said the poet and critic T.S. Eliot, "should be completed by criticism from a definite ethical and theological standpoint." Just whose ethical and theological standpoint should be authorized to select that imaginative literature to be studied and from what viewpoint?

Mr. Bauer suggests a partial answer when he urges the teaching of those "unifying values" that are "the basis of our free society and democratic government." While it is certainly true that democracy could not have originated and cannot now survive without certain essential moral principles, the fact is that very few people in history have subscribed to these principles *because* they are necessary for democracy. They have usually subscribed to them because they believed they were God-given.

Traditional morality may survive for a time—for one or two generations perhaps—as merely a set of socially or politically useful conventions. But once a society forgets the "religious origin" of its moral rules—an origin Mr. Bauer acknowledges only long enough to dismiss as unimportant—it soon lapses into hedonism and strife. The great British philosopher Alfred North Whitehead rightly declared that "the essence of education is that it can be religious."

Until we confront this truth squarely, until we admit that secular education can at best be utilitarian and superficial, then it is doubtful that character education in America will soon improve in the literature class or elsewhere.

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Bryce J. Christensen
Associate Editor
Chronicles
Rockford, IL

Dear Sir:

In his incisive and thoughtful essay, Gary Bauer lays out very clearly the absurdity and danger of the course our public education policy has taken. Rejecting the moral consensus accepted by previous generations does not lead—as the advocates of such a rejection would have us believe—to a rich and wholesome pluralism. It leads instead to moral bankruptcy and a paralysis of the will of the nation in pursuing any course that sacrifices affluence and comfort for the sake of a higher good.

As long as that consensus was strong, it was under attack from two different and almost opposite sorts of philosophical movements within the academic world. The first adhered dogmatically to the idea of tolerance as a moral end in itself. The chief good of the society was the unfettered exchange of any and all opinion in the marketplace of ideas. The Judeo-Christian moral heritage was an obstacle to many "alternative moralities."

The second kind of attack was from any one of a number of different codes of morality in competition with the "Judeo-Christian ethic" for the minds and hearts of men. Whether it took an extreme form—like Marxism or Nazism—or any number of more moderate forms, it was in essence a moral millennialism based upon the idea of Progress.

Each of these ideologies assumes that modernity—in the form of modern science, modern technology, or modern political institutions—has transformed human societies into new and better versions of *homo sapiens*. We are the moral superiors of all generations that have come before us, simply because we live at the end of history. The old moral categories cannot apply to us and we must articulate new ones.

Now that the moral consensus has been effectively removed from the picture, these two conflicting kinds of ideology are no longer comrades in arms, but rivals or enemies. Often these conflicting ideas are found in the same mind, producing bizarre and paradoxical results. The whole confusing confrontation trickles down to even the most elementary levels of education. We are at the point of not being able to tell a small child whether it is good or bad to torture a kitten, while we insist that it is an unpardonable sin to keep a book out of a school library.

For the moment, the situation in public schools calls not for reform, but simply for damage control. Positive improvement is more ardently to be wished for than seriously to be expected.

Kevin G. Long
Director of Public Affairs
Catholic League for Religious and Civil Rights
Milwaukee, WI

Dear Sir:

Gary Bauer's proposals for teaching values in classrooms are both important and practical. Some are being carried out in public schools, and more should be. One aspect of his approach deserves amplification.

Everyday experience and recent psychological research emphasize that if we want schools to teach students desirable values, we must provide occasions for students to apply and practice values in and around schools under the supervision of appropriate adults. To be learned, values must be practiced, not just preached.

Some schools do provide occasions for students to practice values; but many don't and should. Two elements of such practice are the suppression of undesirable conduct, and the maintenance of positive student discipline.

It makes no sense for pupils to spend time in class talking about the practice of virtue, if they are also tacitly licensed to engage in cheating on exams and bullying victims on the playground. Widespread evidence shows that the public is dissatisfied with student discipline, and educators should respond constructively to their concerns. Encouraging virtue is valuable not only in its own right but also in creating a social order that fosters learning.

Teaching morals extends beyond forbidding disorder. It extends to a respect for others revealed in the way principals, teachers, aides, and others in the school admire and encourage students and one another. It can be seen in classrooms, tutoring, community service, extracurricular activities, athletics, drama, art, music, school assemblies, and other adult-monitored activities of student groups. Education research workers have discovered the old truism that such group encouragement avoids unnecessary discipline problems and fosters the main purpose of education—learning, including moral development.

U.S. and European admirers of Japanese schools have pointed to their outstanding scores on achievement tests in mathematics, science, and other subjects. Those who have visited Japanese schools, however, have noted that moral education is hardly sacrificed: it is explicitly represented in the curriculum and the teaching. It is also explicitly taught in school assemblies, where organized student teams welcome visitors, serve one another meals, and clean the school building.

The ideas Mr. Bauer outlines are tried and true, but insufficiently practiced: Aristotle recognized that virtue can be acquired by habit, and educators employed such activities earlier in the century. What is new is that education research provides the factual basis for instituting such ideas more widely and systematically. Orderly schools, where persons care about one another, are more effective in transmitting knowledge and culture.

Edward A. Wynne
Herbert J. Walberg
School of Education
University of Illinois
Chicago, IL

Dear Sir:

The republic is indebted to Gary Bauer for his overview of the reigning academic suppositions which have driven citizenship education and character education off the school premises, and for his observations about how moral education can be transmitted to the students.

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There is, however, some work to be done before the entrenched hostile orthodoxy will permit his sound pedagogy to be implemented. The last two generations of teachers, professors, and educational administrators have been trained to believe that the eternally open mind is the highest, if not the only, virtue of the schooling process.

It will not be easy to persuade such fanatics that contrary views are worthy of consideration. Until quite recently, the civilizations of the world judged the primary function of education to be to imbue each new generation with the highest ideals of their own society, and to persuade the young to embrace the obligations which sustained those ideals. It is only recently that educators have come to believe that virtue is variable, if it exists at all.

I suggest what is needed now is a relentless public campaign demanding that college trustees and school boards identify and make known the primary purposes of the educational programs for which they are responsible. This exercise will allow students, faculty, and parents, and those who provide the funds through tuition, taxes, and gifts, to have a common understanding of what is intended by those in authority and how well the formalized purposes are served. It will also allow interested parties to judge the merits of the particular educational philosophy that evolves in each case.

This course of action will, I believe, most readily penetrate the closed minds of the proponents of the "eternally open mind" dogma, and pave the way for the resumption of moral education as urged by Gary Bauer.

John A. Howard
Counselor
The Rockford Institute
Rockford, IL

Gary Bauer replies:

I have two thoughts in reaction to these thoughtful letters. Anthony Podesta may be right that publishers of textbooks exclude religion because it is controversial. However, with a little effort, the religious heritage of this country can be accurately, fairly, and fully described (as it was in countless texts until recently) without stirring up antagonism among any denomination or religious group. One does not have to describe Pilgrims as "people who make long trips" to eschew controversy. Rather, it is efforts to censor our religious heritage out of textbooks which are controversial, to say the least. I only regret that Mr. Podesta's People for the American Way seems selective in the censorship it opposes and the censorship it embraces.

Bryce Christensen is right that literature and history are, in themselves, value neutral. I acknowledge not only that Lucretius, Nietzsche, and other great writers can be used to teach evil; in my article I acknowledged that even heroic characters in morally uplifting books sometimes act in perverse and horrifying ways. Similarly, I said that history does not always reward the good and punish the evil. Nevertheless, I feel that these two disciplines provide a very helpful dramatic mechanism for the teaching of values. These values do not recommend themselves directly from the literary or historical text; Mr. Christensen is right that it is up to teachers to unravel them, point them out, explain them. But the swift-moving and colorful plots of literature and history enable them to do this in a context that appeals to the young mind and one that already exists in the public school curriculum.

Incomparable Foolishness

Dear Sir:

In re Richard Burr's article ("Rank Injustice: The Arbitrary Record of Comparable Worth," Fall 1986), the trouble with noting the wide variance in job ratings is its suggestion that a smaller variance would vindicate comparable worth, mathematically if not economically. In fact, even given the objectivity of job ratings, comparisons of ratios between salaries and job ratings are meaningless. Ratio comparisons make sense only between cardinal scales; evaluation point totals yield an ordinal scale.

Let me explain. A scale is a mapping from a domain of objects to numbers. The scale is cardinal when there is an additive operation on the domain—that is, a way of combining objects such that the sum of their individual measures equals the measure of their combination. Weight is a cardinal scale because if one object weighs three pounds and a second five, five of the first will weigh as much as three of the second. This permits us to say that the first weighs three-fifths of the second.

An ordinal scale, by contrast, merely orders objects under comparative relation without reference to any way of amalgamating them. Imagine English poets ranked by significance, with (rank 1) Dryden less important than (rank 2) Chaucer, who is less important than (rank 3) Shakespeare. Because poets cannot be fused, two Drydens do not equal one Chaucer, nor is Shakespeare 1.5 times as important as Chaucer. In general, if one object scores "n" on an ordinal scale and another scores "m", this merely means that n-m-1 objects lie between them in the ordering.

Thus, to assign a secretary 84 points and a photographer 167 does not imply, and indeed it makes no sense to say, that being a secretary is about half as valuable as being a photographer. There is no way to combine two secretarial positions into a single job independently determined to be as valuable as one photographer's job.

No matter how "objective" or "consistent" the ordinal assignment of value to jobs may be, a secretary's job is not half as valuable as a photographer's, and it is sheer confusion to infer that a secretary's job is half as compensable.

Michael Levin
Professor of Philosophy
City College of New York
New York, NY

Defense of Solzhenitsyn

Dear Sir:

Lev Navrozov's response to Eugene Methvin's article (Letters, Fall 1986) is a gross slander against Alek-

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sandr Solzhenitsyn. Mr. Navrozov mistakenly asserts that Mr. Solzhenitsyn "has never protested against Soviet ('Russian') actions in recent years" and that there has been a convergence between Mr. Solzhenitsyn's opinions and Soviet propaganda themes. Mr. Navrozov's aim seems to be to suggest some sort of collusion between Mr. Solzhenitsyn and the Soviet regime. This should come as quite a surprise to the Soviets, who see in Mr. Solzhenitsyn an implacable and powerful enemy. They are aware, even if Mr. Navrozov is not, that in their entire 69-year history, they have been dealt no blow more grievous than publication of *The Gulag Archipelago.*

Second, Mr. Solzhenitsyn has not "refused" to adopt U.S. citizenship. For reasons best known to him, he has never gotten around to becoming a citizen, though his wife and sons have done so. There are plenty of foreigners in the United States who see themselves as temporary guests; Mr. Solzhenitsyn has never hidden the fact that he someday expects to return to a free Russia. I do not see what is so outrageous about his declining citizenship if he does not intend to stay.

Third, Mr. Navrozov several times accuses Mr. Solzhenitsyn of antisemitism. This is not only not true, it is absurd. Mr. Solzhenitsyn's own sons are Jewish enough to have been so considered under Hitler's Nuremburg Laws. They are Jewish enough to apply for Israeli citizenship under the Law of Return. Prior to 1972, the K.G.B. spread the story that Mr. Solzhenitsyn was himself Jewish; but as of 1974, the Soviet Union was accusing him of antisemitism, a concoction Mr. Navrozov has seen fit to repeat.

Finally, Mr. Navrozov claims that Mr. Solzhenitsyn's revised version of *August 1914,* currently available only in Russian, is "virulently chauvinistic and antisemitic." Mr. Navrozov no doubt refers to a section that depicts the assassination in 1911 of Russian Prime Minister Pyotr Stolypin, an event the author considers crucial to later historical developments. Stolypin was shot by a Social Revolutionary and police informer of Jewish origin, Dmitri Bogrov. It is my understanding that Bogrov did in fact express Jewish nationalist sentiments as motivation for his action, a matter to which Mr. Solzhenitsyn alluded in the course of depicting the assassin's character. The whole question of whether there is anything antisemitic about the depiction has been picked over at length by specialists familiar with the Russian text; the consensus is that the charge is unfounded. However, the English edition will soon be published, allowing the American reader to judge for himself whether Mr. Navrozov's accusation is warranted.

James George Jatras
Alexandria, VA

Just the Facts

Dear Sir:

Although the article on Governor George Deukmejian ("California: The Iron Duke," Fall 1986) was generally informative, it contained a number of factual errors.

The governor was elected to the State Senate three times, not six times as Thomas B. Silver and Steven Hayward stated. It is not true that he has never lost a primary or general election. Although he has never been defeated for state office in a general election, he lost a race for the Republican attorney general's nomination in 1970 and later a local campaign for Los Angeles County district attorney.

Mike Curb was lieutenant governor during the last four years of Jerry Brown's term; he does not now hold that office. Mr. Curb's voting record was not disclosed over the final weekend of the 1982 gubernatorial primary, but weeks before. Mr. Curb achieved prominence as a record producer at MGM, MCA, Warner, and under his own labels, not at Capitol.

Ronald Reagan left a budget surplus of about $500 million when he left Sacramento in 1974, not $4 billion as your authors contended. Even though tax collections continued to grow during the early days of the Brown governorship because of the impact of the tax rate increases put into place by Governor Reagan, these collections were gradually overwhelmed by Governor Brown's subsequent spending and the impact of Proposition 13.

The initial Deukmejian fiscal program was not, contrary to what Silver and Hayward wrote, tax-free. Although there was no general tax increase, at least $600 million was raised through various "loophole-closing" measures.

Finally, the decsion to sell the Reagan-built gubernatorial mansion had little to do with Governor Deukmejian's legislative program. Jerry Brown had declined to live in the supermarket-like structure, and the Deukmejians made it clear they were not enamored of it either.

Douglas Hallett
Los Angeles, CA

Thomas B. Silver and Steven Hayward reply:

We are grateful to Douglas Hallett for correcting a couple of factual errors in our article. However, he is mistaken on several points. First, we did not say that Mike Curb is the currrent lieutenant governor; we said he was the current lieutenant governor during his 1982 primary race against Deukmejian. Second, we did not say that Deukmejian's fiscal program was "tax free" (Mr. Hallett's phrase); we said that Deukmejian's stand-by sales tax was never invoked and that the governor successfully resisted the major tax increases being urged upon him by so many people. Third, it is not true, as Mr. Hallett says, that Mike Curb's voting record was revealed "weeks" before the final weekend of the 1982 June primary. It was revealed, to be precise, on May 25, and exploited mercilessly by Deukmejian over the final weekend of the campaign. Fourth, Mr. Hallett's comments on the sale of the governor's mansion are not correct. Deukmejian had expressed a desire to live in the mansion (otherwise he faced the prospect of maintaining two houses on his $49,000 salary), but the Democratic-controlled legislature moved to sell it during the bitter wrangling over the budget in 1983.

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As regards the fiscal situation in California, the main facts are indisputable. Governor Brown inherited a balanced budget and a mounting surplus from Governor Reagan. Instead of returning the surplus to taxpayers in the form of a tax cut, the Democrats spent the money and handed Governor Deukmejian a $1.5 billion deficit, along with the suggestion that he cover it through tax increases. It was his desire to emphasize spending cuts instead of a tax increase that caused the acrimonious budget battle of 1983.

In Defense of Mass Transit

Dear Sir:

Tony Snow attempts to discredit the development of rail transit in this country ("The Great Train Robbery: Twenty Years of Mass Transit Subsidies Have Bilked Taxpayers," Spring 1986). His reference to San Diego's light rail system is brief—only a single paragraph. This is not surprising, since San Diego's success with its trolley has been so outstanding that it tends to cast doubt on the critics' contention that rail transit has been a total disaster. What is surprising is the number of errors in Mr. Snow's paragraph.

His first erroneous assumption is that San Diego obtained its rail transit system by drinking at the federal trough. He states that our system was "pushed through Congress by Republican Senator Pete Wilson." In fact, the 15.9-mile trolley did not use any federal funds at all and therefore was not even discussed by Congress! Pete Wilson was not a senator at the time—he was mayor of San Diego. The line was built entirely with state and local funds, as was a recent 4.5-mile extension to the east.

Perhaps more serious is Mr. Snow's contention that the trolley "effectively shut down a bus line that covered the same route, carried the same number of passengers, and turned a profit." An examination of published transit statistics makes it hard to determine what bus line he is talking about. Two bus routes formerly operated parallel to the present trolley line: Route 100, a freeway express, was eliminated when the trolley began service; Route 32, a local route on a nearby arterial street, was truncated as a feeder line to the trolley. Both together carried 3.2 million passengers in fiscal 1981, their last year of full operation. In contrast, the trolley carried 3.5 million passengers in fiscal 1982, its first year; fiscal 1986 is expected to close wih 6.9 million passengers. This is 216 percent of both bus routes combined! It is difficult to imagine this kind of attraction to the former bus routes, even with significant improvements in their service levels. Meanwhile, ridership on the trolley is growing.

Furthermore, neither bus route "turned a profit." Line 100 took in 34 percent of what was required to cover operating costs. Line 32 covered 72 percent of costs. The trolley in 1982 covered 81 percent of its costs, and in fiscal 1986 should finish with 92 percent. The fact of the matter is that the trolley is cost-effective and popular with riders; over one-third are former auto users.

On a broader scale, Mr. Snow's indictment of mass transit leaves us with no reasonable alternative for addressing urban transport problems. Buying Rolls Royces for potential riders is not reasonable, nor is constructing more freeways. Considering the lack of money to expand our roads, or even to maintain them properly, it should be apparent that the highway system is not "paying for itself" any better than the transit system.

William Lieberman
Metropolitan Transit Development Board
San Diego, CA

Tony Snow replies:

I appreciate Mr. Lieberman's note, but must respond to several points.

First, I stand corrected on Pete Wilson's political status at the time of the rail line's planning.

Second, Mr. Lieberman's "defense" of the San Diego system confirms the argument advanced in my piece. San Diego taxpayers spent tens of millions of dollars to build a light rail system that replaced two already profitable bus lines (based on data from the Urban Mass Transportation Administration) between the Mexican border and San Diego. The trolley did not receive significant federal funding (although it did receive some for planning and engineering) because, according to U.M.T.A., "it did not attain the threshold of additional riders over a lower cost bus alternative."

San Diego's trolley clearly outperforms every other public rail system in the country in terms of recovering costs. It also has done something few other transit systems have done: it has created a "captive" audience. In opening a trolley line between the border and San Diego, the Metropolitan Transit Development Board tried to eliminate other mass transit alternatives by terminating express bus service to San Diego (the 100 bus) and dramatically paring back the feeder service (the 32 bus).

Nevertheless, the buses carried roughly the same traffic volume in their final full year of service that the trolley carried in its first year. Mr. Lieberman says buses never would have carried the extra volume now handled by the trolley, but that is debatable. A private operator, Tom Evans, has taken advantage of demand for bus service by opening a small private bus line between the city and the border. He carried more than one million passengers last year and turned a small profit.

Finally, I did not suggest that the federal government purchase condominiums, Rolls Royces, or other goodies with its mass transit money. The point is that transit subsidies have encouraged cities to build glitzy systems that serve no significant public purpose other than to spend federal money.

I did discuss an alternative to this madness: replace the existing federal highway and transit aid programs with a single "bloc grant" program that would force state and local governments to decide whether to spend their scarce cash on rail systems, bus systems, highways, or some combination. My guess is that cities, when forced to choose seriously between alternatives, would stop building unnecessarily expensive rail lines, and focus on less costly, equally effective alternatives.

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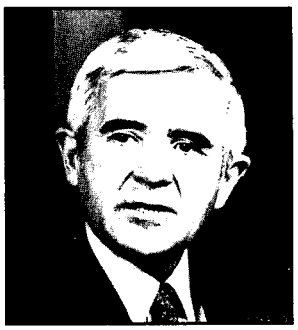

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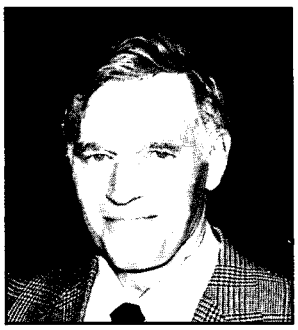

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policy REVIEW

Women do in effect have a role today—the paradoxical role of overcoming roles. According to feminism, the woman's place is outside the home until such time the point is made that she has no place—*then* she can choose. By choosing now, a woman might inadvertently betray the cause of women, which is also in the present case the cause of humanity. At the moment, feminists imply, a woman has no choice but to be pro-choice.

Harvey Mansfield *in a review of*
Men and Marriage *by George Gilder*

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